

EXHIBIT G
TO THE COLAROSSİ DECLARATION

Retirement Housing Foundation— Obligated Group

**Special-Purpose Combined Financial Statements
With Independent Auditors' Report Thereon
For the Years Ended September 30, 2009 and 2008**

Retirement Housing Foundation – Obligated Group

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Independent Auditors' Report

To the Board of Directors
Retirement Housing Foundation - Obligated Group

We have audited the accompanying special-purpose combined statements of financial position of Retirement Housing Foundation - Obligated Group (the "Obligated Group") as of September 30, 2009 and 2008, and the related combined statements of activities and changes in net deficit and cash flows for the years then ended. These financial statements are the responsibility of the Obligated Group's management. Our responsibility is to express an opinion on these special-purpose combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Obligated Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying special-purpose combined financial statements were prepared for the special purpose of reporting on the combined financial position, results of activities, changes in net deficit and cash flows of the Obligated Group, as defined in Note 1, pursuant to the Guaranty Agreement, dated July 1, 2008, between KBC Bank N.V., the Bank, and the Obligated Group, and are not intended to be a complete presentation of the consolidated financial statements of Retirement Housing Foundation and its subsidiaries, as further discussed in Note 1.

In our opinion, the special-purpose combined financial referred to above present fairly, in all material respects, the combined financial position of the Obligated Group as of September 30, 2009 and 2008 and the combined results of activities and changes in net deficit and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Novogradac & Company LLP

January 13, 2010
San Francisco, California

RHF-LB-BK 00003

Retirement Housing Foundation- Obligated Group

Special-Purpose Combined Statements of Financial Position

<i>September 30,</i>	2009	2008
Unrestricted Assets		
Current Assets		
Cash and cash equivalents	\$ 17,446,801	\$ 12,262,278
Accounts receivable, net of allowance for doubtful accounts of \$800,269 and \$1,002,544 for September 30, 2009 and September 30, 2008, respectively	3,421,492	2,951,133
Short-term investments	1,888,311	3,479,953
Prepaid expenses and other current assets	7,895,337	6,838,824
Total current assets	30,651,941	25,532,188
Property and equipment, net of accumulated depreciation	64,540,249	64,756,328
Other Assets		
Investments in and advances to/from affiliates, net of allowance for uncollectible advances of \$18,672,079 and \$19,628,720 for September 30, 2009 and September 30, 2008, respectively	23,100,852	24,061,611
Trustee held funds	10,242,113	10,004,278
Long-term investments	16,925,790	12,408,680
Restricted deposits	1,751,311	1,889,261
Other assets	11,553	11,553
Total unrestricted assets	\$ 147,223,809	\$ 138,663,899

*See accompanying notes to special-purpose financial statements
and report of the independent certified public accountants.*

Retirement Housing Foundation- Obligated Group

Special-Purpose Combined Statements of Financial Position (Continued)

<i>September 30,</i>	2009	2008
Unrestricted Liabilities and Net Deficit		
Current Liabilities		
Accounts payable	\$ 3,854,154	\$ 4,443,023
Accrued expenses	6,926,700	8,306,352
Accrued interest	3,117,291	662,931
Accrued property insurance	618,987	-
Tenant deposits	1,630,977	1,643,209
Current maturities of capital lease obligations	450,464	301,303
Current maturities of long-term debt	3,086,090	2,912,216
Total current unrestricted liabilities	19,684,663	18,269,034
Deferred profit, net of syndication notes receivable and accrued interest	412,633	479,281
Unearned revenue	250,701	337,927
Long-term debt, less current portion	117,347,334	119,914,936
Swap hedging instruments	-	16,658,120
Capital lease obligations, net of current portion	595,539	739,371
Risk retention liability	15,498,884	12,625,280
Total unrestricted liabilities	153,789,754	169,023,949
Net deficit		
Unrestricted	(6,565,945)	(30,360,050)
Total unrestricted liabilities and net deficit	\$ 147,223,809	\$ 138,663,899

*See accompanying notes to special-purpose financial statements
and report of the independent certified public accountants.*

Retirement Housing Foundation- Obligated Group

Special-Purpose Combined Statements of Activities and Changes in Net Deficit

<i>Years ended September 30,</i>	2009	2008
Unrestricted revenues		
Skilled nursing revenue	\$ 35,712,091	\$ 37,046,894
Contractual adjustments and provision for uncollectible accounts	(5,442,673)	(7,533,828)
Management fees	8,897,444	8,272,947
Gain on syndication	66,648	72,202
Development income	4,174,937	3,415,089
Rental income	29,661,999	30,999,315
Assisted living income	15,117,176	15,428,659
Interest income	574,677	2,159,592
Other	1,562,836	1,288,935
Total unrestricted revenues	90,325,135	91,149,805
Unrestricted operating expenses		
Payroll related expenses	48,182,381	47,725,041
Dietary expense	5,048,836	5,046,049
Utilities	5,080,031	5,120,007
Other administrative	1,104,155	1,049,648
General insurance	2,018,688	2,151,375
Interest	6,777,758	14,183,494
Depreciation and amortization	4,457,314	3,562,313
Other unrestricted operating expenses	11,350,689	10,600,848
Total unrestricted operating expenses	84,019,852	89,438,775
Change in unrestricted net assets (deficit) from operations	6,305,283	1,711,030
Other		
Realized gain (loss) on sale of investments	493,145	(66,290)
Unrealized gain (loss) on investments	337,557	(478,420)
Change in value of swap hedging instruments	16,658,120	(7,169,030)
Expired loan fees	-	(4,518,257)
Change in unrestricted net assets (deficit) from revenues and expenses	23,794,105	(10,520,967)
Change in net assets (deficit) due to addition of members - St. Catherine and DeSmet	-	(1,075,160)
Net deficit, beginning of year	(30,360,050)	(18,763,923)
Net deficit, end of year	\$ (6,565,945)	\$ (30,360,050)

*See accompanying notes to special-purpose financial statements
and report of the independent certified public accountants.*

Retirement Housing Foundation- Obligated Group

Special-Purpose Combined Statements of Cash Flows

<i>Years ended September 30,</i>	2009	2008
Cash flows from operating activities:		
Total change in net deficit from revenues and expenses	\$ 23,794,105	\$ (10,520,967)
Adjustments to reconcile total change in net deficit from revenues and expenses to net cash provided by operating activities:		
Depreciation	3,855,271	3,388,223
Gain on sale of asset	-	(650)
Amortization of debt issuance costs	602,043	174,090
Amortization of bond discount	-	3,107
Deferred profit	(153,874)	183,087
Provision for doubtful accounts	(1,053,188)	1,621,147
Net change in value of swap hedging instruments	(16,658,120)	7,169,030
Expired loan fees	-	4,518,257
Net unrealized gain (loss) on investments	830,702	(544,710)
Changes in operating assets and liabilities:		
Accounts receivable	(470,359)	1,043,873
Prepaid expenses and other current assets	(1,056,513)	(1,207,182)
Other assets	-	1,774,717
Accounts payable	(588,869)	2,664,517
Accrued expenses	(1,379,652)	799,380
Accrued interest	2,454,360	483,389
Accrued property insurance	618,987	-
Tenant deposits and residents' advance payments	(12,232)	(51,744)
Risk retention liability	2,873,604	428,459
Net cash provided by operating activities	13,656,265	11,926,023
Cash flows from investing activities:		
Cash increases due to addition of members - St. Catherine and DeSmet	-	55,119
Purchases of property and equipment	(3,381,859)	(10,163,745)
Net change in investments	(3,756,170)	5,642,128
Net investments and advances to/from affiliates	2,013,947	(1,391,144)
Release of restricted deposits	137,950	12,860,991
Net change in trustee held funds	(237,835)	2,797,995
Net cash (used in) provided by investing activities	(5,223,967)	9,801,344

*See accompanying notes to special-purpose financial statements
and report of the independent certified public accountants.*

Retirement Housing Foundation- Obligated Group

Special-Purpose Combined Statements of Cash Flows (Continued)

<i>Years ended September 30,</i>	2009	2008
Cash flows from financing activities:		
Proceeds from bond refinancing	-	126,921,753
Payments of bonds	(2,932,077)	(138,503,267)
Debt issuance costs	(63,694)	(6,089,571)
Payments on capital lease obligations	(252,004)	(337,422)
Net cash used in financing activities	(3,247,775)	(18,008,507)
 Net increase in cash and cash equivalents	 5,184,523	 3,718,860
 Cash and cash equivalents, beginning of year	 12,262,278	 8,543,418
 Cash and cash equivalents, end of year	 \$ 17,446,801	 \$ 12,262,278
 Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ 4,323,398	\$ 13,700,105
 Supplemental disclosure of non-cash investing and financing activities:		
Fixed assets acquired through capital leases	\$ 257,333	\$ 1,023,457
 Liabilities assumed in excess of assets due to addition of members - St. Catherine and DeSmet	 \$ -	 \$ 1,130,279

*See accompanying notes to special-purpose financial statements
and report of the independent certified public accountants.*

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**1. Organization,
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Organization

Retirement Housing Foundation (“RHF”) is a California not-for-profit corporation which sponsors or co-sponsors and manages, through itself and affiliated corporations, affordable and market rate housing, skilled nursing and assisted living services for senior adults, low income families and persons with disabilities throughout the United States. The following organizations are included in these special-purpose combined financial statements:

Retirement Housing Foundation
Foundation Property Management, Inc.
Bixby Knolls Towers, Inc.
Bixby Knolls Health Care and Rehabilitation Center
Gold Country Health Center, Inc.
Gold Country Retirement Center
Mayflower Gardens Health Facilities, Inc.
Mayflower RHF Housing, Inc.
Sun City RHF Housing, Inc.
Holly Hill RHF Housing, Inc. dba Bishop’s Glen
Merritt Island RHF Housing, Inc. dba Courtenay Springs
Yellowwood Acres, Inc. dba Westminster
Westminster Healthcare Center
Bluegrass RHF Housing, Inc. dba Colonial Heights
Colonial Gardens
St. Catherine RHF Housing, Inc.
DeSmet RHF Housing, Inc.

Hereinafter, the foregoing organizations are collectively referred to as the Obligated Group. During 2008, St. Catherine RHF Housing, Inc. and DeSmet RHF Housing, Inc. became part of the Obligated Group due to the refinancing of the bonds (Note 6). All significant intercompany balances and transactions have been eliminated in the accompanying special-purpose combined financial statements.

Information concerning the Obligated Group members, other than RHF as detailed above, is as follows:

Foundation Property Management, Inc. (“FPM”) manages substantially all of the RHF-controlled nonprofit facilities (including those listed below) for a fee.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**1. Organization,
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Bixby Knolls Towers, Inc. dba Bixby Knolls consists of Bixby Knolls Towers, Inc. and Bixby Knolls Healthcare & Rehabilitation Center, which owns and operates a multilevel retirement facility in Long Beach, California, containing 168 independent senior apartment units, 59 assisted living units and a licensed 99-bed skilled nursing facility in two high rise buildings.

Gold Country Health Center, Inc. dba Gold Country consists of Gold Country and Gold Country Retirement Center, which owns and operates a multilevel retirement facility in Placerville, California containing 150 independent senior apartment units, 23 assisted living units, a licensed 68-bed skilled nursing facility, and 17 dementia units.

Mayflower Gardens Health Facilities, Inc. dba Mayflower Health Center owns and operates a skilled nursing facility in Lancaster, California containing a licensed 48-bed skilled nursing facility.

Mayflower RHF Housing, Inc. dba Mayflower Gardens owns and operates a retirement facility located adjacent to Mayflower Gardens Health Facilities, Inc. containing 494 independent senior apartment units and 6 assisted living units.

Sun City RHF Housing, Inc. dba Sun City Gardens owns and operates a retirement facility in Sun City, California containing 129 independent senior apartment units, 52 assisted living units and a 17-unit dementia facility.

Holly Hill RHF Housing, Inc. dba Bishop's Glen owns and operates a multilevel retirement facility in Holly Hill, Florida, containing 206 independent senior apartment units, 51 assisted living units, a licensed 60-bed skilled nursing facility, and 35 extended congregate care beds.

Merritt Island RHF Housing, Inc. dba Courtenay Springs Village owns and operates a multilevel retirement facility in Merritt Island, Florida, consisting of 158 independent senior apartment units, 10 licensed assisted living units and a licensed 80-bed skilled nursing facility.

Yellowwood Acres, Inc. dba Westminster consists of Westminster Village and Westminster Healthcare Center, which owns and operates a multilevel retirement facility in Clarksville, Indiana, consisting of 164 independent senior apartment units, 92 assisted living units and a licensed 94-bed skilled nursing facility.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**1. Organization,
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Bluegrass RHF Housing, Inc. dba Colonial Heights owns and operates a multilevel retirement facility in Florence, Kentucky, consisting of 177 independent senior apartment units, 60 assisted living units and 9 dementia units.

St. Catherine RHF Housing, Inc. owns and operates a retirement community in Florissant, Missouri, containing 89 independent living units.

DeSmet RHF Housing, Inc. owns and operates a multilevel retirement community in Florissant, Missouri, consisting of 33 independent living units and 54 assisted living beds.

Basis of Presentation

The properties controlled or managed by RHF are divided into two groups. The first group consists of approximately 137 facilities providing low-and-moderate income apartments for senior adults, for those with special needs and for families. RHF and its nonprofit affiliates control 134 of these facilities. Either community-based nonprofits or partnerships, which have contracted for management with RHF affiliates, own the balance.

Most of the low-and-moderate income facilities are financed with grants or loans from, or mortgage loans insured by, the United States Department of Housing and Urban Development ("HUD") under programs including Section 202, 221(d)(4), 231 and 236 programs. In addition, these projects receive Housing Assistance Payments (HAP) under contracts with HUD. These payments from HUD represented approximately 69% of total revenues for those facilities receiving HAP. Properties that do not have HAP contracts receive other types of subsidies or have been financed through the Federal Tax Credit Program or other governmental financings for affordable housing projects.

With respect to each controlled HUD property, either RHF is the sole member of a single purpose nonprofit corporation formed to own the facility, or it has the power to appoint and remove a majority of the directors. The debt, if any, on these facilities is nonrecourse with respect to the Obligated Group. With respect to each partnership property, RHF or an affiliate is a general partner in a single purpose partnership that owns the facility. The debt on the partnership facilities is also nonrecourse with respect to the Obligated Group. Because of applicable laws, regulations or contracts restricting distributions, in most cases, RHF itself does not have access to the funds or other assets of the low-and-moderate income housing portfolio, other than through management fees paid to RHF or its subsidiaries.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

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Twenty “market rate” projects comprise the other group of RHF facilities. These facilities do not have HUD or tax credit financing and are not subject to accompanying regulatory restrictions, nor, with limited exceptions, do the properties have rental assistance payments available to residents. A single-purpose nonprofit corporation, of which RHF is the sole member, owns each of these facilities, with the exception of one project, in which the skilled nursing facility and the housing facilities are owned by separate single purpose corporations-Mayflower Gardens Health Facilities, Inc. and Mayflower Gardens RHF Housing, Inc. RHF classifies as “market rate” all of the facilities in the Obligated Group, other than RHF and FPM.

The affiliated owners of fifteen of RHF’s market rate projects are included in the Obligated Group. The five market rate facilities whose affiliated owners are not members of the Obligated Group are: The Carolinian in Florence, South Carolina; The Gateway in Poway, California which consists of Gateway in Poway and Gateway Gardens; The Cloisters in Deland, Florida; and Pioneer House in Sacramento, California.

These special-purpose combined financial statements are being presented for the special-purpose of reporting, pursuant to the Guaranty Agreement, dated July 1, 2008, between KBC Bank N.V. (the “Bank”), Retirement Housing Foundation and Foundation Property Management, Inc., the combined financial position, results of activities, changes in net deficit and cash flows of the Obligated Group. Certain controlled subsidiaries and affiliates of RHF are not members of the Obligated Group and thus are not reflected in the accompanying presentation. Stand-alone consolidated financial statements of RHF and its subsidiaries would include such subsidiaries and controlled affiliates. As a result, these special-purpose financial statements are not intended to be a complete presentation of the consolidated financial statements of RHF and its subsidiaries.

Classification

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Obligated Group and changes therein are classified and reported as follows:

Obligated Group’s activities and operations at the discretion of the Board of Directors.

Unrestricted net assets — Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Obligated Group’s activities and operations at the discretion of the Board of Directors.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**1. Organization,
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Temporarily restricted net assets — Net assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Obligated Group and/or the passage of time.

Permanently restricted net assets — Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Obligated Group. The donors of these assets permit the Obligated Group to use all or part of the income or gains earned on related investments for general (unrestricted) or specific purposes (temporarily restricted).

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Significant estimates made by management include, but are not limited to, the allowances for uncollectible accounts receivable, the evaluation of impairment of property and equipment, investments in and advances to affiliates, and insurance reserves.

Cash and Cash Equivalents

For purposes of the combined statements of financial position and cash flows, the Obligated Group considers all highly liquid investments with remaining maturities of three months or less when purchased to be cash equivalents. Cash equivalents consist of overnight Federal funds, certificates of deposits, money market funds, and United States Treasury bills, notes and interest strips.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

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Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported in the combined statements of financial position at fair market value with the corresponding realized and unrealized gains and losses reported in the special-purpose combined statements of activities.

Accounting for Derivative Instruments and Hedging Activities

The Obligated Group recognizes the change in fair value of all derivative instruments as a change in net assets in the period of change (see “Basis of Presentation” above and Note 6).

Guarantees

The Obligated Group accounts for guarantees including indirect guarantees of indebtedness of others as the obligation occurs (see Note 9).

Property and Equipment

Property and equipment is stated at cost and, except for land, is depreciated using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years. Depreciation expense amounted to \$3,855,271, and \$3,388,223 for the years ended September 30, 2009 and 2008, respectively. Major betterments and renewals are capitalized, while routine repairs and maintenance are charged to expense when incurred.

Long-Lived Assets

Management of the Obligated Group assesses the recoverability of long-lived assets by determining whether the carrying value of such assets over their remaining lives can be recovered through projected undiscounted cash flows expected to result from the use and eventual disposition of the asset. The amount of impairment, if any, is measured based on fair value and is charged to operations in the period in which such impairment is determined by management.

Management Fees

The Obligated Group recognizes management fees as services are performed (see Note 10).

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

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Land Held For Development or Sale

All direct and indirect land costs, offsite and onsite improvements and applicable interest and carrying charges are capitalized to real estate projects under development. Capitalized costs are expensed as real estate is sold; direct marketing costs are expensed in the period incurred. Land and land development costs are accumulated by project and are allocated to individual phases using the relative sales value method. Land held for development is carried at cost. The Obligated Group reviews, on a periodic basis, its land held for development for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No impairment has been determined by management to date.

Debt Issuance Costs

Debt issuance costs associated with long-term debt (see Note 6) are being amortized using a method that approximates a constant-yield method.

In August 1999, debt issuance costs totaling \$474,484 were capitalized in relation to the issuance of the City of Florence, Kentucky, Housing Facilities Revenue Bonds Series 1999 (the "Series 1999 Bonds") (see Note 6).

Debt issuance costs totaling \$5,843,660 were capitalized in relation to the refinancing of debt during 1998. During 2008, remaining debt issuance costs of \$4,430,215 were written off, which are included in expired loan fees in the statement of activities.

During 2009 and 2008, debt issuance costs totaling \$63,654 and \$6,089,571, respectively were capitalized in relation to the refinancing of debt (see Note 6).

Amortization of the debt issuance costs amounted to \$602,043 and \$174,090 for the years ended September 30, 2009 and 2008, respectively, and is included in other unrestricted operating expenses on the statement of activities.

Bond Discount

Bond discount associated with the long-term debt (see Note 6) was amortized using a method that approximated the constant-yield method.

In August 1999, bond discount totaling \$124,294 was recorded in relation to the issuance of the Series 1999 Bonds (see Note 6). Amortization of the bond discount amounted \$3,107 for the year ended September 30, 2008, which is

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Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

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included in interest expense on the statement of activities during 2008. During 2008, remaining bond discount of \$88,042 was written off, which is included in expired loan fees in the statement of activities.

Apartment Revenue Recognition

The Obligated Group rents apartment units on a month-to-month basis and recognizes revenue thereon when earned.

Tenant Security Deposits

Tenant security deposits are amounts paid by residents upon occupancy of apartments. At departure time from the retirement community, these security deposits are utilized to defray the costs of any damage to the apartment or otherwise refunded to the residents.

Residents' Advance Payments

The Obligated Group defers revenue on monies received for residents' last month rent and recognizes the revenue during the residents' last month of occupancy.

Patient Service Revenues and Contractual Allowances

The Obligated Group provides services to certain patients covered by various third party payor programs including the federal Medicare and Medicaid programs. Patient service revenue is reported on the accrual basis in the period services are provided at established billing rates. Contractual adjustments and the provision for uncollectible accounts are reported as deductions from patient service revenue. Contractual adjustments include differences between established billing rates and estimated program rates. Adjustments to the estimated amounts based on final settlement with the programs are recorded upon settlement.

Development Fee Income

RHF sponsors and develops new projects as management deems appropriate. In the process of developing a project, RHF will advance money and/or pay expenses on behalf of a project and may earn a development fee. Development fees earned during 2009 and 2008 were \$4,174,937 and \$3,415,089, respectively, in connection with the supervision of the development and construction of various sponsored projects. The fees were earned at certain stages of development and construction. As of September 30, 2009 and 2008, \$5,320,300 and \$3,323,700, respectively, remains unpaid and is included in

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investments in and advances to/from affiliates projects, in the accompanying combined statements of financial position.

Income Taxes

The Obligated Group Members identified above operate as not-for-profit corporations under Section 501(c)(3) of the Internal Revenue Code and, as such, are not subject to federal or state income tax.

The Company's current accounting policy is to evaluate uncertain tax positions. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. Management believes that there are no uncertain tax positions.

Professional Liability ("Casualty") Insurance

On December 31, 2001, an affiliate invested \$1,878,000 for the purchase of 208,634.1 shares (28% ownership) of Class B common stock in Caring Communities Insurance Company ("CCIC"), an insurance company organized in the Cayman Islands, British West Indies. On December 31, 2002, the affiliate funded an additional \$125,000 for the purchase of the shares. In January 2004, the affiliate funded the final installment of \$83,000 for the purchase of the shares. Effective January 1, 2008, CCIC became a wholly owned subsidiary of Caring Communities, a reciprocal Risk Retention Group ("CCRRG"). All CCIC's shares of every class are owned by CCRRG. The Affiliate's percentage ownership in CCIC at September 30, 2009 and 2008 amounted to 17.08% and 18.2%. CCIC has issued insurance policies to its founding members, which are all non-profit organizations, and their affiliated entities for coverage of general and professional liability ("casualty") risks. The policies cover RHF, its subsidiaries, affiliates, collective housing and healthcare communities, along with other non-profit organizations that are members of CCIC. This affiliated company incurred policy year premiums of approximately \$3,135,000 and \$3,395,000 during the years ended September 30, 2009 and 2008, respectively. Of these amounts, the Obligated Group's portion was approximately \$1,264,000 and \$1,422,609, respectively, through this affiliate for the same policy years.

CCIC has been capitalized and premiums have been set to generally underwrite the first \$1 million of each and every casualty claim. Such claims are limited to CCIC's capitalization. CCIC has further secured a treaty to four "A" or better (AMBest) rated reinsurance companies for coverage of potential

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claims in excess of the \$1 million primary limit, after payment by the member of a deductible (\$75,000 per claim for the Obligated Group and its affiliates), with a \$1 million maximum per claim. Effective April 1, 2003, the primary limit declined to \$700,000. Management believes that CCIC will provide the Obligated Group and its affiliates with efficient and cost effective casualty coverage. There is no guarantee that CCIC will remain a viable insurance company. Excessive claims could have a material adverse effect on CCIC's ability to pay claims. CCSS, a subsidiary of CCIC, has contracted with a risk management firm to provide services designed to reduce its overall risk. In December 2009, AM Best gave CCIC a rating assignment of A- from B++. The A- rating is a secure rating with a descriptor of "Excellent" indicating that the entity has the ability to meet its ongoing obligations to policyholders.

RHF has a receivable from RHF Foundation, Inc. related to RHF Foundation's investment in CCIC. RHF Foundation, Inc. has pledged the shares of CCIC as collateral for the receivable.

Self-Insured Workers Compensation Plan

Effective February 1, 2003 RHF established a self-insured workers' compensation plan for its employees. This plan is administered by a third party, and has stop loss provisions insuring losses beyond \$350,000 per employee per occurrence and \$5,280,000 per year in the aggregate, subject to adjustment as defined.

As of September 30, 2009 and 2008, RHF recorded a reserve for unpaid claims in the amount of \$10,600,539 and \$10,024,149, respectively, in risk retention liability in the Obligated Group's combined statement of financial condition. This amount represents the Obligated Group's estimate of incurred but not reported claims from the inception of the plan at February 1, 2003 to September 30, 2009 (see Note 7). Letters of credit totaling \$5,104,304 and \$5,085,100 are pledged to third party plan administrators as of September 30, 2009 and 2008, respectively (see Note 6).

Concentrations of Credit Risk

The Obligated Group, at times, has cash and cash equivalents held with banks in excess of federally insured amounts. The Obligated Group has not experienced any losses and monitors the credit worthiness of the financial institutions with which it conducts business. Management believes that the Obligated Group is not exposed to any significant credit risk with respect to cash balances.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**1. Organization,
Basis of
Presentation
and
Significant
Accounting
Policies
(Continued)**

The Obligated Group's patient service operations are primarily with patients receiving Medicare or Medicaid assistance. During 2009 and 2008, the Obligated Group recorded approximately \$13,755,000 and \$12,964,000, respectively, of patient service revenues from patients receiving Medicare and/or Medicaid assistance. This amount is included in "skilled nursing revenue" income on the statement of activities.

Accounts receivable include gross amounts due from Medicare and Medicaid of approximately \$2,051,000 and \$1,877,000 as of September 30, 2009 and 2008, respectively.

Risk Factors

Revenues

The ability of the Obligated Group to generate sufficient revenues depends in large part upon the ability of the Obligated Group to attract sufficient numbers of residents to its facilities in order to achieve and then to maintain substantial occupancy. The ability of the Obligated Group to achieve and then to maintain substantial occupancy depends to some extent on factors outside its control. The success of the Obligated Group's facilities is dependent upon the maintenance of high future occupancy levels at the facilities by eligible residents who will be able to pay the fees charged, the capabilities of the management of the facilities and future economic and other conditions which are unpredictable, including the availability of Medicare and Medicaid.

Competition

The revenues and expenses associated with the operation of the Obligated Group's existing nursing care and other residential facilities will be affected by further events and conditions relating generally to, among other things, government regulations, third-party reimbursement programs, demand for nursing home, assisted living and residential services, the ability of the members of the Obligated Group to provide the services required by residents, economic developments in the affected service areas, competition from facilities (newly constructed, existing or converted entities) providing similar or comparable services. Such competition likely will inhibit the extent to which the Obligated Group will be able to raise charges and maintain or increase admissions. The average age of the facilities in the Obligated Group is 25 years, with half of the portfolio in excess of 30 years old and the other half below 20 years old. There can be no assurance that additional competing facilities will not be constructed in the future.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**1. Organization,
Basis of
Presentation
and
Significant
Accounting
Policies
(Continued)**

Health Care Industry

The health care industry is facing various challenges, including increased government and private payor pressure on health care providers to control costs. In addition to the reforms enacted and considered by Congress from time to time, state legislatures periodically consider various health care reform proposals. Congress and state legislatures can be expected to continue to review and assess alternative health care delivery systems and payment methodologies and public debate of these issues can be expected to continue in the future. Changes in the law, new interpretations of existing laws, and changes in payment methodology may have a dramatic effect on the definition of permissible or impermissible activities, the relative costs associated with doing business and the amount of reimbursement by both government and other third-party payers. These changes may be applied retroactively. The ultimate timing or effect of legislative efforts cannot be predicted and may impact the Obligated Group in different ways. Any future action by the Federal government with respect to Medicare or Medicaid, or by the Florida, Kentucky, Indiana or California state governments with respect to Medicaid, which limits or reduces the total amount of funds available for such programs, limits or reduces the amount of reimbursement for items and services rendered, or limits the ability of the Obligated Group to maintain or increase the level of services provided to patients, could negatively affect the revenues of the Obligated Group. For certain facilities, a significant portion of revenues is derived from Medicaid patients. Therefore, any changes to the Medicaid program could have a material effect upon those facilities' revenues.

Other

There also exists other federal and state reimbursement and regulatory issues, federal anti-fraud and abuse provisions, and state licensing and certificate requirements for the members of the Obligated Group. Non-compliance with any such requirements or any violations of federal or state laws could have a material adverse effect on the Obligated Group's combined financial condition and/or results of operations.

**2. Syndication
Note
Receivable**

RHF syndicated various properties owned by affiliates prior to fiscal 1989. Notes, secured by the various properties, were received by RHF as part of the consideration for the properties sold in connection with these syndications. Generally, the notes received were of two types: those requiring principal and interest payments during the six year period subsequent to the date of each syndication, all of which had been collected as of November 30, 1990; or those representing residual interests in properties requiring payment of principal plus interest from surplus cash, upon either resale or refinancing of the properties securing the notes, or at the stated maturity date. All of the notes

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**2. Syndication
Note
Receivable
(continued)**

received by the affiliates were donated to RHF. All such notes receivable contain provisions allowing for extension of the maturity dates.

The installment method of accounting is utilized to recognize the profit on the syndication of the properties. Under this method of accounting, the profit is deferred at the time of sale and is recognized proportionately upon payment of principal on the debt collateralized by the syndicated properties. Interest income was recognized on the notes which required payment during the first six years subsequent to the date of syndication and is deferred until receipt on the other notes.

Syndication note receivable consist of the following:

	September 30, 2009	September 30, 2008
Note receivable, past due, with simple interest at 9% per annum. Accrued interest on the remaining balance is payable out of certain of the project's available cash flow	\$ 1,450,000	\$ 1,450,000
	1,450,000	1,450,000
Less deferred profit	(1,862,633)	(1,929,281)
Syndication note receivable, net of deferred profit	\$ (412,633)	\$ (479,281)

The above amounts do not include approximately \$4,863,700 and \$4,640,200 of accumulated deferred interest at September 30, 2009 and 2008, respectively. Interest income has not been reflected in the current or past statements of activities due to the uncertainty of collectability.

As of the date of this report, the note receivable is past due. The Obligated Group elected not to extend the maturity date on the note and the principal and accrued interest thereon became due as of the maturity date. The Obligated Group has entered into a purchase and sale agreement to acquire the applicable project in exchange for the note.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

3. Property and Equipment

Property and equipment consists of the following at:

	September 30, 2009	September 30, 2008
Land	\$ 6,198,351	\$ 6,193,338
Land held for development	1,031,935	1,031,935
Buildings and improvements	122,924,564	121,470,243
Construction in progress	503,538	531,086
Furniture and equipment	19,943,573	19,149,842
	150,601,961	148,376,444
Less accumulated depreciation	(86,061,712)	(83,620,116)
	<u>\$ 64,540,249</u>	<u>\$ 64,756,328</u>

4. Investments

Investments, at fair value, consist of the following at:

	September 30, 2009	September 30, 2008
Fannie Mae, FHLB and other government or government-backed securities	\$ 14,111,821	\$ 11,847,664
Corporate bonds	4,405,000	3,755,287
Certificate of deposits	297,280	285,682
	18,814,101	15,888,633
Less short-term	(1,888,311)	(3,479,953)
	<u>\$ 16,925,790</u>	<u>\$ 12,408,680</u>

For the years ended September 30, 2009 and 2008, the unrealized gain (loss) on the above investments was \$337,557 and \$(478,420), respectively.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**5. Investments
in and
Advances
to/from
Affiliates**

Investments in and advances to affiliates consist of the following at:

	September 30, 2009	September 30, 2008
Due from market rate facilities, net	\$ 10,797,706	\$ 9,812,881
Due to corporate companies	(1,374,168)	(972,113)
Due from affordable housing facilities	14,676,829	15,158,889
Other, net	(1,145,280)	61,954
	<u>\$ 23,100,852</u>	<u>\$ 24,061,611</u>

Investments in and advances to affiliates is concentrated as follows at:

	September 30, 2009	September 30, 2008
Gateway	\$ 8,984,940	\$ 9,940,720
Park Place	4,889,162	4,426,073
Other	9,226,751	9,694,818
	<u>\$ 23,100,853</u>	<u>\$ 24,061,611</u>

The Obligated Group reviews, on a periodic basis, its advances to affiliates for collectability and maintains reserves for potential losses. During the years ended September 30, 2009 and 2008, the Obligated Group provided allowances for advances to affiliates of \$1,272,000 and \$1,271,999, respectively. Actual losses could be materially greater than estimated.

Advances to/from affiliates are unsecured, non-interest bearing and due on demand. The Obligated Group and its affiliates have agreed that repayment of such advances will not be demanded within the next twelve months; accordingly, such advances have been classified as long-term. The ultimate collectability of the amounts due from affiliates is dependent upon the future performance of such affiliates and/or future sale of such properties. The affiliates' operations are concentrated in the multifamily real estate market and healthcare industries. In addition, the affiliates operate in heavily regulated environments. The operations of the affiliates are subject to the administrative directives, rules and regulations of Federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by other regulatory agencies. Each affiliate's ability to repay its advances is predicated upon, in certain cases, regulatory approval and is also dependent upon adequate cash flows from operations or refinancing.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

6. Long-Term Debt

In December 1998, the Obligated Group refunded its then existing bonds, certificates of participation and bank loans via the issuance of Select Auction Variable Rate Securities ("SAVRS"). Proceeds from the SAVRS were also used to pay certain costs of issuance, an insurance premium related to a financial guaranty, to fund renovations and new equipment, and to fund required debt service reserve funds.

In August 1999, The Obligated Group issued the Series 1999 Bonds. Proceeds from the Series 1999 Bonds were used to pay certain costs of issuance, an insurance premium related to a financial guaranty, and to finance the acquisition, construction, equipping and installation of a 66-unit assisted living facility with the capacity of 73 residents at the Bluegrass RHF Housing, Inc. project.

In August 2000, the proceeds from Series 2000B Mortgage Revenue Bonds, City of Florissant, Missouri Bonds (Series 2000B Bonds) were used to pay certain costs of issuance and to finance the acquisition of 91 independent living apartments for seniors in Florissant, Missouri ("St. Catherine Retirement Community"). St. Catherine Retirement Community was not a member of the Obligated Group at that time.

Refinancing

In July 2008, the Obligated Group refunded its then existing SAVRS, Series 1999 Bond and Series 2000 Bonds, via the issuance of Variable Rate Demand Revenue Refunding Bonds ("VRDBs"), backed by a Letter of Credit. Proceeds from the VRDBs, along with existing principal and interest funds and debt service reserve funds were applied to refund the various bond issues benefitting various members of the Obligated Group as previously described, pay certain costs of issuance and refund in advance the Series 1999 Bonds and the Series 2000 Bonds.

The purpose of the refunding was two-fold: First, eliminate the auction rate structure of the Series 1998 Bonds and move instead to a debt structure that would price more competitively in the market. RHF faced significant interest rate risk on its auction rate bonds due to the December 19, 2007 Standard & Poors downgrade of the Company's bond insurer. The downgrade triggered a change to the interest rate swaps that secured the Series 1998 Bonds and put RHF at risk for the cost of its auctions in excess of 40 basis points over the floating rate SIFMA index. Second, incorporate into the Obligated Group the associated entities and their bonds, which are currently guaranteed by RHF. These bonds include the Series 1999 Bonds and the Series 2000 Bonds. In addition, proceeds of the Series 2008 Bonds were used to repay the outstanding mortgage of St. Catherine RHF Housing, Inc.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**6. Long-Term
Debt
(Continued)**

The Series 2008 Bonds consist of both taxable and tax-exempt VRDBs backed by a Letter of Credit whereby KBC Bank is the lead bank. Participant banks include Bank of America (as successor to LaSalle Bank), Bank of the West, California Bank & Trust, Comerica Bank, National Cooperative Bank and US Bank. The Series 2008 Bonds amortize to 2030 and the issue has been structured to achieve level aggregate net debt service over the life of the bonds. This is made possible through the utilization of swaps on the entire tax-exempt issue, thereby creating a fully synthetic fixed rate issuance (see Swap Agreements).

Each of the Series 2008 Bonds bears interest at rates subject to change on a weekly basis. In the event of default, the 2008 Bonds interest rates are subject to adjustment, as defined.

Long term debt consisted of the following at:

	September 30, 2009	September 30, 2008
California Statewide Communities Development Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008, bearing interest at .2% and 7.8% at September 30, 2009 and 2008 ("CSCDA Bonds")	\$ 40,860,000	\$ 40,860,000
Volusia County Industrial Development Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008, bearing interest at .27% and 8.05% at September 30, 2009 and 2008 ("Volusia Bonds")	22,790,000	22,790,000
Brevard County Health Facilities Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008, bearing interest at .27% and 8.0% at September 30, 2009 and 2008 ("Brevard Bonds")	19,400,000	19,400,000

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

6. Long-Term Debt (Continued)	Kentucky Economic Development Finance Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008A, bearing interest at .27% and 8.05% at September 30, 2009 and 2008 ("Kentucky Bonds")	8,030,000	8,030,000
	Kentucky Economic Development Finance Authority Variable Rate Demand Revenue Refunding Bonds, Series 2008B, bearing interest at .27% and 8.05% at September 30, 2009 and 2008 ("Bluegrass Bonds")	7,705,000	7,705,000
	Martin Luther Foundation, Inc. Variable Rate Demand Taxable Refunding Corporate Bonds, Series 2008, bearing interest at 1.4% and 3.58% at September 30, 2009 and 2008	3,040,000	5,910,000
	Town of Clarksville, Indiana Variable Rate Demand Revenue Refunding Bonds, Series 2008, bearing interest at .27% and 8.0% at September 30, 2009 and 2008 ("Indiana Bonds")	4,115,000	4,115,000
	Yellowwood Acres, Inc. Variable Rate Demand Taxable Refunding Corporate Bonds, Series 2008, bearing interest at 1.4% and 3.58% at September 30, 2009 and 2008	4,125,000	4,125,000
	Industrial Development Authority of The City of Florissant, Missouri Variable Rate Demand Revenue Refunding Bonds, Series 2008 bearing interest at .27% and 8.0% at September 30, 2009 and 2008 ("Missouri Bonds")	13,644,996	13,645,000
	Subtotals: Bonds	\$123,709,996	\$126,580,000

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

6. Long-Term Debt (Continued)	California Bank and Trust promissory note bearing interest at 4.6% and 6% at September 30, 2009 and 2008, respectively	2,179,302	2,241,375
		125,889,298	128,821,375
	Less unamortized debt issuance costs and discount	(5,455,874)	(5,994,223)
	Less current portion	(3,086,090)	(2,912,216)
		\$ 117,347,334	\$119,914,936

Aggregate annual maturities of long-term debt are as follows:

<i>Year ending September 30,</i>	<i>Annual Principal Maturities</i>
2010	3,086,090
2011	3,141,000
2012	3,315,000
2013	3,545,000
2014	5,586,000
Thereafter	107,216,208
Total	\$ 125,889,298

Security for the Series 2008 Bonds

The Series 2008 Bonds are secured by Direct Note Obligations (“DNO”) issued pursuant to two Master Trust Indentures (“MTI”) dated as of July 1, 2008. The California Bonds are secured in part by a Series 2008 DNO issued pursuant to a California MTI, by and among the California members, RHF and the California master trustee. The Series 2008 Bonds other than the California Bonds are secured in part by a Series 2008 DNO issued pursuant to a National MTI, by and among the non-California members, RHF and the National master trustee.

Each member of the Obligated Group entered into a Gross Revenue Pledge Agreement, dated July 1, 2008 with a Collateral Agent, on behalf of the California master trustee, the National master trustee and Lehman Brothers Special Financing, Inc. (“Lehman”), as swap counterparty, pursuant to which each member of the Obligated Group pledged and granted a security interest in its Gross Revenues, as defined, to secure the payment, the principal of and interest on the obligations issued under the MTIs and payments due under the Swap Agreements (see Swap Agreements).

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**6. Long-Term
Debt
(Continued)**

RHF and FPM entered into separate Guaranty Agreements, dated as of July 1, 2008, with the California Master Trustee and the National Master Trustee, guarantying the Obligations issued under the California and National MTI and the performance of the Members thereunder. Each of the California Members entered into a Guaranty Agreement in favor of the National Master Trustee, guarantying the obligations issued under the National MTI and secured by such California Member's hereinafter described Second deed of trust/mortgage. Similarly, each non-California member entered into a Guaranty Agreement in favor of the California Master Trustee, guarantying the obligations issued under the California MTI and secured by such non-California Member's hereinafter described Second deed of trust/mortgage. Each of the Members executed a deed of trust or mortgage (depending on the state in which the underlying facilities are located) to secure the obligations issued under the MTI to which it is a party. Each Member also executed a second deed of trust or mortgage to secure the Obligations issued under the MTI to which it is not a party.

Concurrently with the issuance of the Series 2008 Bonds, the Obligated Group caused to be delivered to each Bond Trustee a direct pay irrevocable letter of credit. The letters of credit secure the payment of bond principal and interest until July 15, 2011, subject to prior expiration upon the occurrence of certain events and to renewal and replacement as specified in the applicable Reimbursement Agreement. RHF and FPM also entered into a Guaranty Agreement in favor of the primary letter of credit bank, guarantying the prompt payment when due of all reimbursement amounts, principal, interest, fees and other amounts payable under the Reimbursement Agreement.

Financial Covenants under the Series 2008 Bonds

The Obligated Group must maintain the following financial covenants on a combined basis:

- As of the close of each fiscal quarter or each fiscal year for the preceding 12 month period, a Debt Service Coverage Ratio of at least 1.25;
- A Cash to Long Term Debt Ratio, tested semiannually, of 20% on September 30, 2008 to September 30, 2009, 25% as of March 31, 2010, 30% as of September 30, 2011 and 35% as of March 31, 2011 and each March 31 and September 30 thereafter;
- Days Cash on Hand, tested semiannually, of 100 on September 30, 2008 to March 31, 2009, 130 on September 30, 2009 and March 31, 2010 and 145 on September 30, 2010 and each March 31 and September 30 thereafter;
- Capital expenditures are not to exceed \$4,000,000 in any fiscal year; and

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**6. Long-Term
Debt
(Continued)**

- Aggregate rentals payable on operating leases are not to exceed \$250,000 in any fiscal year.

Upon failure to meet the required Debt Service Coverage Ratio, Cash to Long Term Debt Ratio or Days Cash on Hand as of any quarterly or semiannual testing date, and where a waiver has not been granted, management shall, within 45 days of receipt of the report showing such deficiency, deliver a report to the primary bank setting forth in detail the reasons for such deficiency and adopt a specific plan setting forth the steps to be taken to achieve the required covenants. If the required covenants are not met after a specified time period, as defined, and if requested by the primary bank, a Consultant's Report is required to be delivered containing sufficient detail to support the conclusions made concerning the reasons for the deficiency and the corrective steps to be taken. For the year ended September 30, 2009 and 2008, except for exceeding the maximum capital expenditure threshold during 2008, the Obligated Group was in compliance with all financial covenants. Waivers were required and received as a result of the Lehman default (see "Event of Default") as well as the excess capital expenditures.

Swap Agreements

Simultaneously with the issuance of the Series 2008 Bonds, the Obligated Group and Lehman terminated the existing swaps and the Obligated Group and Lehman entered into a new ISDA Master Agreement, Schedule and Credit Support Annex as well as four new confirmations (each confirmation a "Swap Transaction" and all the Swap Transactions collectively with the ISDA Master Agreement, Schedule and Credit Support Annex the "Swap Agreement") with respect to the Series 2008 Bonds.

The change in value of the swap agreements for the years ended September 30, 2009 and 2008 was a gain of \$16,658,120 and loss of \$6,315,480, respectively, which is reflected in the combined statement of activities. The obligation of the swap agreements at September 30, 2009 and 2008 was \$0 and \$16,658,120, respectively and is included in the accompanying combined statement of financial position.

Event of Default

On September 15, 2008, Lehman Brothers Holdings Inc. ("LBHI"), Lehman's ultimate parent, filed for bankruptcy protection under Chapter 11 of the US Bankruptcy Code. This event triggered an event of default, as defined in the Swap Agreement in respect of which Lehman is the defaulting party (the "Lehman Default").

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**6. Long-Term
Debt
(Continued)**

On October 5, 2008, Lehman filed for bankruptcy protection under Chapter 11 joining LBHI and other Lehman affiliates in the previous bankruptcy proceedings (the “Lehman Filing”). The Obligated Group, however, does not believe that the Lehman Filing modifies its rights or obligations under the Swap Agreement as set forth above.

Lehman’s bankruptcy was an event of default under the Swap Agreement providing the Obligated Group various rights as the non-defaulting party. The Obligated Group subsequently exercised its right under the Swap Agreement and terminated the Swap with Lehman effective June 11, 2009.

In accordance with the terms of the Swap Agreement, The Obligated Group conducted a bid process with alternative counterparties to determine the market value of the Swap based on terms of an acceptance of assignment from replacement counterparties. Due to the absence of any bids from alternative counterparties for the Swap, the Obligated Group retained two consultants to perform an analysis of the Obligated Group’s loss based on commercially reasonable methods as provided for in the Swap Agreement.

The loss analysis resulted in a net receivable position of the Obligated Group from Lehman of approximately \$16.8 million. The Obligated Group provided the appropriate termination notice to Lehman and filed a proof of claim as a creditor in the Lehman bankruptcy proceeding. As a result, the Obligated Group recorded a reduction in its interest rate swap agreement liability of \$16.7 million and, as a result, recognized a gain of the same amount in derivative activities during the year ended September 30, 2009. The Obligated Group did not recognize a receivable for the \$16.8 million net receivable amount from Lehman based on Lehman’s default. The Obligated Group intends to continue to monitor the Lehman-related bankruptcy proceedings until some form of resolution is reached.

Subsequent Event

The Obligated Group entered into five-year fixed interest rate cap contracts with two financial institutions at a 5% SIFMA rate to hedge approximately \$65,000,000 or 52.6% of outstanding bonds. The contracts originated on January 4 and January 15, 2010. The hedging strategy was implemented to reduce economic risks and fluctuations associated with variable rate revenue bonds, and to meet bank requirements to hedge at least 50% of the bonds outstanding. The agreements effectively limit the Obligated Group’s interest rate exposure on the hedged portion of its floating rate bonds to 5% plus bank letter of credit fees and bond marketing expenses.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**6. Long-Term
Debt
(Continued)**

Other Debt

In November 2003, the Obligated Group executed a promissory note to a bank in the amount of \$2,500,000. The promissory note bore interest at a rate of 5.75% per annum with monthly installments of \$16,000. The balance of this promissory note at September 30, 2009 and 2008 was \$2,179,302 and \$2,241,375, respectively. Pursuant to the Change in Terms Agreement dated October, 15 2008, the maturity date of the promissory note has been extended to October 1, 2013. According to the Change in Terms Agreement, the promissory note bears a 5-year fixed interest rate equal to LIBOR/Swap rate plus 1.95% per annum with monthly installments of \$16,000. As of September 30, 2009 and 2008, the interest rate was 5.92% and 6.00%, respectively. The promissory note is secured by the Obligated Group's corporate headquarters located in Long Beach, California. Interest related to the promissory note amounted to \$132,231 and \$133,000 for the years ended September 30, 2009 and 2008, respectively.

The Company obtained irrevocable letters of credit from a bank as a requirement of its workers' compensation insurance. The insurance policy requires the Company to pay a minimum premium and maintain the letters of credit. Liability payments under the insurance policy are offset against the minimum premium, and when exhausted, a draw, if necessary, is made on the letters of credit. The letters of credit are collateralized with cash, cash equivalents and investments which are included in the accompanying statement of financial position within trustee held funds.

Letters of credit consist of the following at September 30, 2009:

Plan year covered	Date obtained	Maturity Date	Letter of credit balances
2003 - 2004	March 4, 2003	March 3, 2010	\$ 430,000
2004 - 2005	February 3, 2004	February 1, 2010	1,097,000
2005 - 2006	March 2, 2005	February 1, 2010	1,650,000
2006 - 2007	December 6, 2005	January 1, 2011	50,000
2007 - 2008	March 19, 2007	March 19, 2010	631,000
2008 - 2009	March 6, 2008	February 1, 2010	990,000
2009- 2010	February 10, 2008	March 3, 2010	257,000
			\$ 5,105,000

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**7. Risk
Retention
Liability**

The Obligated Group maintains risk retention reserves for potential workers' compensation, property, liability and auto claims. The reserves are collected from and held on behalf of the facilities participating in the company's group insurance programs and maintained in cash, short-term and long-term investments. The purpose is to provide liquid funds to ensure insurance claims and expenses can be paid when required. The reserves are funded by individual projects and the company maintains a separate accounting for each project. Funds provided by HUD-financed projects are kept separate and not co-mingled with non-HUD funds. Reserve balances are reviewed and adjusted periodically against a targeted amount based on current policy deductibles, claims history and other market factors.

Risk retention liability consists of the following:

	September 30, 2009	September 30, 2008
Workers' compensation insurance reserves	\$ 10,600,539	\$ 10,024,149
Property insurance reserves	2,342,980	1,290,076
Liability insurance reserves	2,137,427	1,072,054
Automobile insurance reserves	417,938	239,001
	<u>\$ 15,498,884</u>	<u>\$ 12,625,280</u>

The workers' compensation reserves include cash-collateralized letters of credit required for open claims from prior policy years. The workers' compensation letter of credit balances represented 48% and 34% of the total workers' compensation insurance reserves at September 30, 2009 and 2008, respectively.

**8. Trustee Held
Funds**

Trustee held funds (see Note 9), at fair value, consist of the following:

	September 30, 2009	September 30, 2008
Money market funds	\$ 4,547,667	\$ 4,885,697
United States Treasury Bonds, notes and interest strips	4,526,446	3,951,995
Corporate Bonds	1,168,000	1,166,586
	<u>\$ 10,242,113</u>	<u>\$ 10,004,278</u>

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**9. Commitments
and
Contingencies**

Litigation

The Obligated Group and/or its affiliates are defendants in various lawsuits arising from alleged breach of contracts, alleged wrongful termination of employees and alleged professional negligence and other matters. The ultimate liability with respect to such litigation cannot be determined at this time. Accordingly, no amounts have been provided for in the accompanying special-purpose combined financial statements related to these matters.

Guarantees

As of September 30, 2009, RHF has guaranteed a cash on hand level equal to at least 90 days, as defined, as of September 30 each year for an affiliate (Gateway) that has issued \$17,085,000 in bonds. RHF has set aside \$660,680 in trustee held funds to cover any shortfall of the financial covenant. Gateway was in compliance with such debt covenants as of September 30, 2008, but was in technical default with such covenants as of September 30, 2009. The lender has agreed to defer any action against Gateway based on covenant default that occurred in the fiscal year ended September 30, 2009, provided that Gateway is in compliance with the Loan Documents for the fiscal year end 2010 and subsequent fiscal years. The lender has requested that Gateway submit monthly financial statements and has the ability to bring in an independent consultant as discussed above.

In June 2001, RHF guaranteed \$1,784,000 of general partner obligations of an affiliate, Charles Street RHF Housing, Inc., aka Stearns, under a partnership agreement. In October 2006 the guaranteed amount was reduced to \$1,350,000. During 2009 the guaranteed amount was reduced to \$783,500. RHF also received a guarantee from a third party under a reimbursement agreement to reimburse RHF for payments that it is required to make pursuant to the guarantee.

In December 2001, RHF guaranteed \$5,096,500 of general partner obligations of two affiliates, Symphony East RHF Housing, Inc. and Symphony West RHF Housing, Inc., under partnership agreements. In July 2005 the guaranteed amount was reduced to \$4,548,250. In October 2006, the guaranteed amount was reduced to \$4,274,125. In August 2007, the guaranteed amount was reduced to \$4,000,000. During 2009 the guaranteed amount was reduced to \$2,000,000. The Obligated Group also received a guarantee from a third party under a reimbursement agreement to reimburse the Obligated Group for certain payments that it is required to make pursuant to the guarantee up to a maximum of \$3,000,000.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**9. Commitments
and
Contingencies
(Continued)**

Limited Partnership Liabilities

An affiliate of RHF, as general partner in certain limited partnerships, could be liable for obligations, which could be material, of the limited partnerships if the limited partnerships are not able to satisfy their obligations as they come due in the ordinary course of business. For purposes of these special-purpose financial statements, the partnerships are not consolidated herein.

Lease Obligations

The Obligated Group acquired certain equipment under capital leases which are payable in various scheduled monthly installments through July 2011.

As of September 30, 2009, future minimum lease payments are as follows:

<i>Years ending September 30,</i>	
2010	453,829
2011	407,801
2012	167,964
2013	22,569
2014	5,141
Total minimum lease payments	1,057,304
Less: amounts representing interest at 5.63%	(11,301)
Present value of future minimum capitalized lease obligations	1,046,003
Less: current portion	(450,464)
Total capital lease obligations, net of current portion	\$ 595,539

**10. Related Party
Transactions**

RHF owns a one-tenth to ten percent general partner interest in various syndications. The Obligated Group has deferred profit, net of syndication notes receivable and accrued interest with an aggregate net book value of \$(412,633) and \$(479,281) at September 30, 2009 and 2008, respectively, from these syndications.

RHF and FPM provide a variety of services, including, but not limited to, financing arrangements, management, consulting and administrative services to several affiliates (Note 1). During 2009 and 2008, RHF and FPM earned \$8,897,444 and \$8,272,947, respectively, for these services, which are included in management fees in the accompanying combined statement of activities.

Retirement Housing Foundation – Obligated Group

Notes to Special-Purpose Combined Financial Statements September 30, 2009 and 2008

**11. Restricted
Deposits**

Restricted deposits consisted of the following:

	September 30, 2009	September 30, 2008
Restricted cash	\$ 119,960	\$ 170,811
Resident deposits	1,631,351	1,639,524
Debt service reserves	-	78,926
	<u>\$ 1,751,311</u>	<u>\$ 1,889,261</u>

**12. Defined
Contribution
Plan**

The Obligated Group has a defined contribution plan for its employees. The Obligated Group's contribution to this plan is principally based on a percentage of employee's annual base compensation. The annual cost of this plan to the Obligated Group amounted to approximately \$355,000 and \$411,000 for the years ended September 30, 2009 and 2008, respectively.

Supplementary Information



Report of Independent Certified Public Accountants on Supplementary Information

To the Board of Directors
Retirement Housing Foundation — Obligated Group

Our audits of the September 30, 2009 and 2008 basic special-purpose combined financial statements included in the preceding section of this report was performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental material presented in the following section of this report on pages S-2 to S-9 is presented for purposes of additional analysis and is not a required part of the basic special—purpose combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic special-purpose combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic special-purpose combined financial statements taken as a whole.

Novogradac & Company LLP

January 13, 2010
San Francisco, California

RHF-LB-BK 00037

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Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Financial Position

September 30, 2009	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Knoll Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sun City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
Unrestricted assets														
Current Assets														
Cash														
Cash-operations	\$ 14,316,093	\$ 1,800,183	\$ 18,773	\$ 56,436	\$ 730,702	\$ 16,729	\$ 216,126	\$ 104,756	\$ 89,240	\$ 18,736	\$ 4,620	\$ 74,407	\$ -	\$ 17,446,801
Total cash	14,316,093	1,800,183	18,773	56,436	730,702	16,729	216,126	104,756	89,240	18,736	4,620	74,407	-	17,446,801
Investments														
Short-term investments	1,888,311	-	-	-	-	-	-	-	-	-	-	-	-	1,888,311
Total investments	1,888,311	-	-	-	-	-	-	-	-	-	-	-	-	1,888,311
Accounts receivable														
Accounts Receivable	-	-	465,656	482,769	397,649	8,515	465,923	839,966	729,953	1,589	-	9,704	-	3,401,724
Accounts Receivable - other	314,399	161,564	78	-	1,036	-	-	-	-	1,760	-	-	-	478,837
Accounts Receivable - litigation	-	-	4,320	775	9,719	7,058	29,908	245,988	5,493	-	-	11,328	-	314,589
Patient refund	-	-	-	14,626	-	1,795	1,928	6,459	-	(82)	-	1,885	-	26,611
Allowance for doubtful accounts	-	-	(33,938)	(49,030)	(74,242)	(9,702)	(58,929)	(464,178)	(96,404)	(28)	-	(13,821)	-	(800,269)
Total trade receivables	314,399	161,564	436,116	449,140	334,162	7,666	438,830	628,235	639,042	3,242	-	9,096	-	3,421,492
Prepaid and other current assets														
Interest receivable	-	-	5,867	2,328	4,448	-	5,627	3,312	-	425	-	-	-	22,007
Inventory	-	-	34,408	7,975	25,221	7,267	21,290	21,005	28,300	9,878	6,574	2,857	-	164,735
Prepaid expenses	117,790	2,161,555	514,791	1,028,481	436,623	659,863	697,174	699,306	848,176	242,195	153,135	149,506	-	7,708,595
Total prepaid and other current assets	117,790	2,161,555	555,066	1,038,784	465,292	667,130	724,091	723,623	876,476	252,498	159,669	152,363	-	7,895,337
Total current assets	16,636,593	4,123,302	1,009,955	1,544,360	1,531,156	691,525	1,379,047	1,456,614	1,604,758	274,476	164,289	235,866	-	30,651,941
Non-current assets														
Property and equipment														
Land	2,539,582	-	551,548	731,837	223,308	505,460	550,900	775,000	534,584	414,623	197,351	206,093	-	7,230,286
Buildings & improvements	3,693,303	-	10,293,539	16,823,109	8,826,736	7,026,491	19,086,847	17,252,728	13,352,089	13,936,835	5,870,642	6,162,245	-	122,924,564
Equipment	264,223	-	39,662	50,363	295,904	942,401	187,174	199,514	348,461	156,805	66,804	37,701	-	2,589,212
Apartment Renovations	-	-	335,296	176,837	340,444	183,757	574,912	327,723	703,404	315,519	70,563	82,780	-	3,111,235
Office furniture and equipment	1,082,147	82,485	759,347	516,285	292,671	185,521	633,469	812,921	1,012,154	940,906	138,859	127,033	-	6,583,798
Motor vehicles	-	-	-	-	113,473	32,544	-	-	66,948	26,681	24,095	68,070	-	331,811
Computer Hardware/Software	6,863,729	39,802	50,241	42,869	62,724	36,309	75,691	40,368	47,931	17,665	6,511	43,477	-	7,327,517
Construction in progress	125,183	-	78,643	1,000	10,710	9,999	13,320	3,148	257,230	4,306	-	-	-	503,538
Total property and equipment	14,568,166	122,287	12,108,276	18,342,500	10,165,970	8,922,482	21,722,513	19,411,402	16,322,801	15,813,340	6,374,825	6,727,399	-	150,601,961
Accumulated depreciation	(7,093,198)	(1,13,284)	(10,641,659)	(9,266,233)	(7,231,196)	(6,001,015)	(12,063,063)	(14,043,470)	(9,638,036)	(6,804,740)	(1,522,324)	(1,642,494)	-	(86,061,712)
Net property and equipment	7,474,968	9,003	1,466,617	9,076,267	2,934,774	2,921,467	9,659,450	5,367,932	6,684,765	9,008,600	4,852,501	5,084,905	-	64,540,249
Investment in and advances to/from affiliates														
Reimbursables and management fees - Obligated Group	11,598,427	558,485	4,534,128	(805,052)	402,726	488,488	(3,906,610)	(818,810)	(783,247)	2,346,348	311,971	(394,360)	(13,532,494)	-
Reimbursables and management fees - other	(943,074)	27,055,094	1,488	2,645	2,391	1,018	7,033	6,239	2,950	3,352	1,245	4,098	(32,455)	26,112,024
Cash and reserve - Obligated Group	(13,739,389)	-	-	-	-	-	-	-	-	-	-	-	13,739,389	-
Cash and reserve - other	(3,011,172)	-	-	-	-	-	-	-	-	-	-	-	-	(3,011,172)
Total investments in and advances to/from affiliates	(6,095,208)	27,613,579	4,535,616	(802,407)	405,117	489,506	(3,899,577)	(812,571)	(780,297)	2,349,700	313,216	(390,262)	174,440	23,100,852
Long-term investments														
Long-term investments	16,925,790	-	-	-	-	-	-	-	-	-	-	-	-	16,925,790
Total long-term investments	16,925,790	-	-	-	-	-	-	-	-	-	-	-	-	16,925,790
Other assets														
Utility deposits	-	2,394	-	-	-	-	-	9,159	-	-	-	-	-	11,553
Total other assets	-	2,394	-	-	-	-	-	9,159	-	-	-	-	-	11,553
Restricted deposits														
Trustee held funds	10,242,113	-	-	-	-	-	-	-	-	-	-	-	-	10,242,113
Restricted cash	-	-	14,477	-	-	-	101,123	4,360	-	-	-	-	-	119,960
Patient/tenant deposits	2,000	-	183,040	227,326	182,089	32,496	226,351	132,591	9,316	555,486	41,147	39,509	-	1,631,351
Debt service funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total restricted deposits	10,244,113	-	197,517	227,326	182,089	32,496	327,474	136,951	9,316	555,486	41,147	39,509	-	11,993,424
Total unrestricted assets	\$ 45,186,256	\$ 31,748,278	\$ 7,209,705	\$ 10,645,546	\$ 5,053,136	\$ 4,134,994	\$ 7,466,394	\$ 6,158,085	\$ 7,518,542	\$ 12,188,262	\$ 5,371,153	\$ 4,969,018	\$ 174,440	\$ 147,223,809

See report on supplementary information of the independent certified public accountants.

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Financial Position (Continued)

*September 30, 2009	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Knoll Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sun City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
Unrestricted liabilities and net assets (deficits)														
Current Liabilities														
Accounts payable														
Accounts payable - operations	\$ 1,121,541	\$ 320,589	\$ 403,172	\$ 169,009	\$ 336,195	\$ 56,064	\$ 448,235	\$ 170,569	\$ 603,657	\$ 169,133	\$ 20,692	\$ 35,298	\$ -	\$ 3,854,154
Total accounts payable	1,121,541	320,589	403,172	169,009	336,195	56,064	448,235	170,569	603,657	169,133	20,692	35,298	-	3,854,154
Accrued expenses														
Sales tax payable	-	-	-	360	3,452	100	(98)	-	-	-	-	-	-	3,814
Accrued workers' compensation insurance	-	1,104,784	210,291	309,178	65,538	186,320	197,313	93,637	120,705	45,475	8,479	20,280	-	2,362,000
Other accrued expenses	1,737,471	213,820	447,854	362,819	210,442	120,150	567,711	294,218	348,667	193,911	25,422	38,401	-	4,560,886
Accrued interest payable	-	-	263,411	409,612	306,118	101,000	578,881	502,819	244,084	405,872	152,747	152,747	-	3,117,291
Accrued property insurance	-	618,987	-	-	-	-	-	-	-	-	-	-	-	618,987
Total accrued expenses	1,737,471	1,937,591	921,556	1,081,969	585,550	407,570	1,343,807	890,674	713,456	645,258	186,648	211,428	-	10,662,978
Other current liabilities														
Current portion of long-term debt	61,092	-	255,612	397,485	297,055	98,010	561,742	487,932	236,857	393,855	148,225	148,225	-	3,086,090
Current portion of capital lease obligation	379,812	-	-	-	-	5,908	46,031	-	9,075	-	4,819	4,819	-	450,464
Total other current liabilities	440,904	-	255,612	397,485	297,055	103,918	607,773	487,932	245,932	393,855	153,044	153,044	-	3,536,554
Total current liabilities	3,299,916	2,258,180	1,580,340	1,648,463	1,218,800	567,552	2,399,815	1,549,175	1,563,045	1,208,246	360,384	399,770	-	18,053,686
Long-term Liabilities														
Restricted liabilities														
Security deposits	5,635	-	180,750	222,955	178,750	30,292	214,974	112,031	50	548,200	41,147	39,509	-	1,574,293
Patient trust deposits	-	-	2,290	4,141	3,339	-	9,752	20,560	9,316	7,286	-	-	-	56,684
Unearned revenue (prepaid rent)	414,008	-	127,488	1,941	-	7,714	76,014	24,831	-	11,333	5	-	-	663,334
Total restricted liabilities	419,643	-	310,528	229,037	182,089	38,006	300,740	157,422	9,366	566,819	41,152	39,509	-	2,294,311
Other long-term liabilities														
Swap hedging instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds payable	-	-	9,736,454	15,140,005	11,314,302	3,732,940	21,396,314	18,583,011	9,022,933	15,007,050	5,647,467	5,648,648	-	115,229,124
Mortgage payable	2,118,210	-	-	-	-	-	-	-	-	-	-	-	-	2,118,210
Lease payable	428,792	-	-	-	-	15,574	102,872	-	31,761	-	8,270	8,270	-	595,539
Risk retention liability	15,498,884	-	-	-	-	-	-	-	-	-	-	-	-	15,498,884
Total other long-term liabilities	18,045,886	-	9,736,454	15,140,005	11,314,302	3,748,514	21,499,186	18,583,011	9,054,694	15,007,050	5,655,737	5,656,918	-	133,441,757
Total liabilities	21,765,445	2,258,180	11,627,322	17,017,505	12,715,191	4,354,072	24,199,741	20,289,608	10,627,105	16,782,115	6,057,273	6,096,197	-	153,789,754
Net assets (deficit)														
Unrestricted net assets (deficit), beginning	17,211,864	31,945,818	(6,005,592)	(9,871,020)	(10,378,282)	(1,223,136)	(20,357,955)	(17,078,833)	(4,622,050)	(6,562,118)	(1,511,933)	(1,906,813)	-	(30,360,050)
Current change in unrestricted net assets (deficit)	6,208,947	(2,455,720)	1,587,975	2,899,061	2,716,227	1,004,058	3,624,608	2,947,310	1,513,487	1,968,265	825,813	779,634	174,440	23,794,105
Total net assets (deficits)	23,420,811	29,490,098	(4,417,617)	(6,971,959)	(7,662,055)	(219,078)	(16,733,347)	(14,131,523)	(3,108,563)	(4,593,853)	(686,120)	(1,127,179)	174,440	(6,565,945)
Total unrestricted liabilities and net assets (deficits)	\$ 45,186,256	\$ 31,748,278	\$ 7,209,705	\$ 10,045,546	\$ 5,053,136	\$ 4,134,994	\$ 7,466,394	\$ 6,158,085	\$ 7,518,542	\$ 12,188,262	\$ 5,371,153	\$ 4,969,018	\$ 174,440	\$ 147,223,809

See report on supplementary information of the independent certified public accountants.

RHF-LB-BK 00039

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Activities

For the year ended September 30, 2009	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Kaoli Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sua City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
Unrestricted revenues														
Skilled nursing revenue														
Routine revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ancillary revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contractual adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other routine	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total skilled nursing revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue														
Management fees	-	13,148,831	-	-	-	-	-	-	-	-	-	-	(4,251,387)	8,897,444
Gain on syndication	66,648	-	-	-	-	-	-	-	-	-	-	-	-	66,648
Development income	4,174,937	-	-	-	-	-	-	-	-	-	-	-	-	4,174,937
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other residential revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meal credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assisted living income, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extended congregate care income, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental concessions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	401,165	1,877	44,500	17,927	33,700	-	45,106	25,104	10	3,103	1,712	473	-	574,677
Donations and gifts	-	-	-	20,000	-	-	-	-	10,264	-	-	(9)	-	30,255
Corporate admin fees	13,046,444	(12,898,196)	-	-	-	-	-	-	-	-	-	-	-	148,248
Other income	328,265	140,272	-	-	-	-	-	-	-	-	-	-	-	468,537
Total other revenue	18,017,459	392,784	6,266,899	5,273,632	4,570,893	3,506,011	8,912,170	3,088,130	5,195,415	6,119,978	1,321,249	1,642,484	(4,251,387)	60,055,717
Total unrestricted revenues	18,017,459	392,784	11,834,850	10,041,410	7,175,853	3,506,011	13,996,033	8,772,784	11,755,627	6,119,978	1,321,249	1,642,484	(4,251,387)	90,325,135
Unrestricted expenses														
Operating expenses														
Payroll related														
Payroll expense - regular	5,651,585	1,868,542	4,145,771	3,791,622	2,049,476	1,491,973	4,851,763	2,160,588	4,734,404	1,519,821	262,960	658,560	-	33,187,065
Payroll expense - overtime	-	-	196,491	365,013	69,263	44,757	243,751	199,940	201,596	57,843	9,726	22,035	-	1,410,415
Bonuses	275	110	54,079	17,435	6,012	12,277	22,245	37,264	74,709	16,979	1,050	3,485	-	245,920
Vacation, sick, holiday	-	-	343,955	293,260	125,196	98,908	327,821	102,048	312,443	87,387	12,954	24,441	-	1,728,413
Payroll taxes	414,083	130,981	378,965	324,037	165,169	142,571	396,179	196,956	389,171	130,301	23,315	64,603	-	2,756,331
Retirement	148,143	57,895	43,066	28,690	6,876	4,381	33,092	10,331	9,393	9,090	2,467	1,552	-	354,976
Group insurance	399,794	153,469	578,706	552,570	255,538	216,018	696,332	224,414	612,090	197,845	45,238	83,579	-	4,015,593
Workers' compensation insurance	24,578	7,439	72,124	59,931	31,877	29,222	59,666	28,324	113,574	26,273	2,859	8,160	-	464,027
Other employee benefits	62,306	1,654	5,036	70,915	30,128	2,638	50,501	-	54,576	60	-	7,345	-	285,159
Outside services	78,368	26,629	615,457	361,513	383,340	38,964	564,922	863,750	720,246	40,658	9,044	31,581	-	3,734,482
Total payroll related	6,779,132	2,246,719	6,433,650	5,864,986	3,122,875	2,081,709	7,246,282	3,823,615	7,222,202	2,086,257	369,613	905,341	-	48,182,381

See report on supplementary information of the independent certified public accountants.

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Activities (continued)

For the year ended September 30, 2009	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Kaell Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sun City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
Other expenses														
Employee expenses other	-	-	55,898	23,503	24,714	7,677	17,151	14,637	19,719	10,231	1,195	9,217	-	183,942
Dietary expense	-	-	1,001,861	598,881	298,361	363,566	908,179	382,979	744,403	532,870	93,060	124,676	-	5,048,836
Patient supplies/service	-	-	302,276	252,786	239,585	14,357	250,157	309,398	430,993	6,049	-	13,506	-	1,819,107
Supplies and minor equipment	142,816	22,787	280,410	133,822	147,015	59,004	146,343	53,667	163,570	91,287	13,561	27,605	-	1,281,887
Utilities - electricity	-	223	447,388	181,459	320,017	212,153	432,270	308,950	337,987	253,777	75,197	58,556	-	2,627,977
Utilities - water	-	-	65,063	72,749	152,412	49,072	170,996	104,765	112,860	87,118	16,126	21,722	-	852,883
Utilities - gas	-	117	70,285	121,389	202,267	12,348	43,836	27,851	79,302	48,574	53,684	53,795	-	713,448
Utilities - telephone	162,132	25,438	46,770	33,343	42,391	26,959	77,803	55,597	45,232	35,253	9,800	21,863	-	582,581
Utilities - trash	-	-	29,097	67,628	59,935	24,974	49,222	20,024	33,533	9,045	4,966	4,698	-	303,142
Leases and maintenance	477,573	1,153	-	-	607	63	37	5,912	120	618	-	1,150	-	487,233
Repairs and maintenance	-	-	200,462	60,135	290,928	118,201	254,251	130,329	202,173	138,107	28,372	35,761	-	1,458,719
Management fees	-	-	713,972	415,872	434,656	193,880	791,322	646,557	562,162	310,698	74,626	107,642	(4,251,387)	-
Office expenses	-	30,960	34,861	37,937	31,147	18,606	47,184	25,461	20,808	5,270	10,945	-	-	301,952
Travel, conference, seminar	337,100	278,945	8,672	20,522	10,169	9,399	17,728	10,385	24,427	17,012	7,779	10,886	-	753,424
Marketing and advertising	14,641	-	64,621	10,056	38,432	75,307	75,307	18,012	26,952	59,008	53,935	39,937	-	437,423
Other administrative	226,679	38,202	166,639	107,251	170,009	54,947	136,484	65,294	55,684	63,328	6,461	13,177	-	1,104,155
Computer services expense	-	-	20,178	14,269	7,630	17,739	19,539	28,689	9,258	5,075	9,258	5,075	-	149,995
Other services	-	-	22,537	11,156	11,936	7,878	15,186	2,187	10,588	13,301	2,892	2,528	-	100,189
General insurance	1,472	440	247,282	162,157	210,093	129,240	484,224	415,093	194,094	88,693	48,898	37,002	-	2,018,688
Professional fees	946,463	110,123	132,044	64,088	41,898	10,328	207,578	276,552	98,876	25,563	21,103	142,314	-	2,076,930
Bad debt expense	-	-	21,011	54,749	30,702	6,777	4,723	(213,611)	119,272	(273)	-	796	-	24,146
Fine/penalty expense	-	-	25,000	-	-	-	-	1,105	-	-	-	-	-	26,105
Property taxes	-	-	29,064	5,306	111,602	241	329,021	227,866	-	58,672	570	570	-	762,912
911 Studebaker costs	235,519	154	-	-	-	-	-	-	-	-	-	-	-	235,673
Bixby building cost	11,553	-	-	-	-	-	-	-	-	-	-	-	-	11,553
Annual meeting	69,893	17,587	-	-	-	-	-	-	-	-	-	-	-	87,480
Total other expenses	2,625,841	526,129	3,985,391	2,453,269	2,883,145	1,363,822	4,476,741	2,908,549	3,329,409	1,878,997	522,590	747,884	(4,251,387)	23,450,380
Total operating expenses	9,404,973	2,772,848	10,419,041	8,318,255	6,006,020	3,445,531	11,723,023	6,732,164	10,551,611	3,965,254	892,203	1,653,225	(4,251,387)	71,632,761
Change in net assets before other items	8,612,486	(2,380,064)	1,415,809	1,723,155	1,169,833	60,480	2,273,010	2,040,620	1,204,016	2,154,724	429,046	(10,741)	-	18,692,374
Interest expense	248,803	119	559,353	866,354	635,920	208,949	1,200,868	1,063,453	504,962	856,969	316,004	316,004	-	6,777,758
Change in net assets less interest	8,363,683	(2,380,183)	856,456	856,801	533,913	(148,469)	1,072,142	977,167	699,054	1,297,755	113,042	(326,745)	-	11,914,616
Depreciation and amortization														
Depreciation expense	957,049	3,537	68,214	453,549	137,589	258,941	448,093	305,658	443,177	411,005	176,266	192,193	-	3,855,271
Amortization expense	-	-	51,063	79,428	59,139	19,516	111,808	97,602	47,085	78,447	29,006	28,949	-	602,043
Total depreciation and amortization	957,049	3,537	119,277	532,977	196,728	278,457	559,901	403,260	490,262	489,452	205,272	221,142	-	4,457,314
Change in net assets before other corporate expenses	7,406,634	(2,383,720)	737,179	323,824	337,185	(426,926)	512,241	573,907	208,792	808,303	(92,230)	(547,887)	-	7,457,302
Other corporate expenses														
Nonrecoverable expenses	1,200,000	72,000	-	-	-	-	-	-	-	-	-	-	(174,440)	1,097,560
Grant income	(1,376,526)	-	-	(378,327)	(106,785)	(891,415)	-	-	-	-	(101,634)	(513,820)	-	(3,368,507)
Grant expense	1,430,986	-	575,892	-	78,715	-	-	324,869	-	1,010,050	-	2,454	-	3,422,966
Realized (gain)/loss on sale of investments	206,505	-	-	-	(700,400)	-	-	-	-	750	-	-	-	(493,145)
Unrealized (gain)/loss on investments	(263,278)	-	(19,077)	(8,033)	(14,744)	154	(18,954)	(11,318)	(364)	(1,875)	(161)	93	-	(337,557)
Unrealized (gain)/loss on swap hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain on swap hedging instruments	-	-	(1,407,611)	(2,188,877)	(1,635,828)	(539,723)	(3,093,413)	(2,686,954)	(1,304,331)	(2,168,887)	(816,248)	(816,248)	-	(16,658,120)
Total other corporate expenses	1,197,687	72,000	(850,796)	(2,575,237)	(2,379,042)	(1,430,984)	(3,112,367)	(2,373,403)	(1,304,695)	(1,159,962)	(918,043)	(1,327,521)	(174,440)	(16,336,803)
Change in net assets (deficit), unrestricted	\$ 6,208,947	\$ (2,455,720)	\$ 1,587,975	\$ 2,899,061	\$ 2,716,227	\$ 1,004,058	\$ 3,624,608	\$ 2,947,310	\$ 1,513,487	\$ 1,968,265	\$ 825,813	\$ 779,634	\$ 174,440	\$ 23,794,105

See report on supplementary information of the independent certified public accountants.

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Financial Position

	Retirement Housing Foundation	Foundation Property Management, Inc.	Birby Knoll Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sun City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
September 30, 2008														
Unrestricted assets														
Current Assets														
Cash														
Cash-operations	\$ 10,452,272	\$ 1,294,534	\$ 15,716	\$ 53,936	\$ 24,645	\$ 7,711	\$ 192,336	\$ 105,218	\$ 72,566	\$ 20,246	\$ 2,898	\$ 20,200	\$ -	\$ 12,262,278
Total cash	10,452,272	1,294,534	15,716	53,936	24,645	7,711	192,336	105,218	72,566	20,246	2,898	20,200	-	12,262,278
Investments														
Short-term investments	3,479,953	-	-	-	-	-	-	-	-	-	-	-	-	3,479,953
Total investments	3,479,953	-	-	-	-	-	-	-	-	-	-	-	-	3,479,953
Accounts receivable														
Accounts Receivable	-	-	435,975	394,142	316,039	7,726	765,455	1,092,689	588,471	6,727	-	12,695	-	3,619,919
Accounts Receivable - other	140,547	21,175	-	-	1,793	-	(1,759)	5,277	2,300	3,710	-	-	-	173,043
Accounts Receivable - litigation	-	-	-	775	-	7,058	25,260	113,175	1,274	-	-	11,328	-	165,921
Patient refund	-	-	-	-	(5,557)	-	-	325	1,079	(1,776)	-	723	-	(5,206)
Allowance for doubtful accounts	-	-	(68,450)	(8,032)	(46,068)	(8,795)	(258,337)	(590,309)	(12,063)	(2,771)	-	(13,625)	-	(1,002,544)
Total trade receivables	140,547	21,175	367,525	391,885	273,264	5,989	530,419	621,157	581,061	6,390	-	11,721	-	2,951,133
Prepaid and other current assets														
Interest receivable	-	-	7,138	2,833	5,411	-	6,846	4,029	-	517	-	-	-	26,774
Inventory	-	-	47,393	10,074	18,427	9,251	24,706	25,456	26,337	8,774	7,002	5,086	-	182,506
Prepaid expenses	114,684	1,638,041	445,249	992,359	367,994	514,843	662,606	659,751	789,469	200,717	125,138	118,693	-	6,629,544
Total prepaid and other current assets	114,684	1,638,041	499,780	1,005,266	391,832	524,094	694,158	689,236	815,806	210,008	132,140	123,779	-	6,838,834
Total current assets	14,187,456	2,953,750	883,021	1,451,087	689,741	537,794	1,416,913	1,415,611	1,469,433	236,644	135,038	155,700	-	25,532,188
Non-current assets														
Property and equipment														
Land	2,539,582	-	551,548	731,837	235,408	505,460	550,900	775,000	534,584	397,510	197,351	206,093	-	7,225,273
Buildings & improvements	3,647,541	-	10,203,474	16,819,834	8,213,616	7,024,841	18,817,127	17,418,600	13,267,859	14,035,944	5,859,162	6,162,245	-	121,470,243
Equipment	231,486	-	38,941	40,737	111,447	928,947	134,987	130,014	239,700	95,759	58,774	36,202	-	2,046,994
Apartment Renovations	-	-	320,182	123,877	295,416	163,729	481,105	288,670	650,682	248,042	62,404	17,158	-	2,651,265
Office furniture and equipment	952,181	78,153	1,019,419	605,719	305,057	185,521	887,383	802,089	1,094,580	937,412	138,859	126,274	-	7,132,647
Motor vehicles	-	-	-	-	113,473	35,421	-	-	66,948	31,721	24,095	68,070	-	339,728
Computer Hardware/Software	6,474,659	39,802	56,996	56,933	58,765	32,350	59,029	54,309	51,709	33,165	7,289	54,202	-	6,979,208
Construction in progress	181,137	-	78,643	-	199,457	-	-	-	18,624	53,225	-	-	-	531,086
Total property and equipment	14,026,586	117,955	12,269,203	18,378,937	9,532,639	8,876,269	20,930,531	19,468,682	15,924,686	15,832,778	6,347,934	6,670,244	-	148,376,444
Accumulated depreciation	(6,171,585)	(109,734)	(10,865,112)	(8,931,980)	(7,144,357)	(5,744,945)	(11,959,741)	(13,956,008)	(9,321,715)	(6,597,581)	(1,349,684)	(1,467,674)	-	(83,620,116)
Net property and equipment	7,855,001	8,221	1,404,091	9,446,957	2,388,282	3,131,324	8,970,790	5,512,674	6,602,971	9,235,197	4,998,250	5,202,570	-	64,756,328
Investment in and advances to/from affiliates														
Reimbursables and management fees - Obligated Group	12,115,990	916,836	4,313,245	(1,464,047)	517,147	(39,427)	(3,980,518)	(1,145,028)	(1,082,010)	2,221,120	171,299	(401,345)	(12,143,262)	-
Reimbursables and management fees - other	(4,247,975)	31,376,144	-	-	-	-	-	-	-	-	-	-	(158,944)	26,969,225
Cash and reserve - Obligated Group	(12,302,206)	-	-	-	-	-	-	-	-	-	-	-	12,302,206	-
Cash and reserve - other	(2,907,614)	-	-	-	-	-	-	-	-	-	-	-	-	(2,907,614)
Total investments in and advances to/from affiliates	(7,341,805)	32,292,980	4,313,245	(1,464,047)	517,147	(39,427)	(3,980,518)	(1,145,028)	(1,082,010)	2,221,120	171,299	(401,345)	-	24,061,611
Long-term investments														
Long-term investments	12,408,680	-	-	-	-	-	-	-	-	-	-	-	-	12,408,680
Total long-term investments	12,408,680	-	-	-	-	-	-	-	-	-	-	-	-	12,408,680
Other assets														
Utility deposits	-	2,394	-	-	-	-	-	9,159	-	-	-	-	-	11,553
Total other assets	-	2,394	-	-	-	-	-	9,159	-	-	-	-	-	11,553
Restricted deposits														
Trustee held funds	10,004,278	-	-	-	-	-	-	-	-	-	-	-	-	10,004,278
Restricted cash	-	-	16,235	-	-	-	150,224	4,352	-	-	-	-	-	170,811
Patient/tenant deposits	2,000	-	189,664	237,147	177,183	31,106	244,795	140,834	5,523	516,297	46,414	48,561	-	1,639,524
Debt service funds	-	-	6,764	10,358	7,805	2,540	14,693	12,725	8,139	10,118	3,842	3,842	-	78,926
Total restricted deposits	10,006,278	-	212,663	247,505	184,988	33,646	409,712	157,911	11,662	526,515	50,256	52,403	-	11,893,539
Total unrestricted assets	\$ 37,115,610	\$ 35,257,345	\$ 6,813,020	\$ 9,681,502	\$ 3,780,158	\$ 3,663,337	\$ 6,816,897	\$ 5,950,327	\$ 7,002,056	\$ 12,219,476	\$ 5,354,843	\$ 5,009,328	\$ -	\$ 138,663,899

See report on supplementary information of the independent certified public accountants.

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Financial Position (Continued)

	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Knoll Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sun City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
September 30, 2008														
<i>Unrestricted liabilities and net assets (deficits)</i>														
<i>Current Liabilities</i>														
<i>Accounts payable</i>														
Accounts payable - operations	\$ 1,653,010	\$ 743,734	\$ 279,998	\$ 571,695	\$ 192,864	\$ 59,525	\$ 326,109	\$ 148,481	\$ 347,082	\$ 81,322	\$ 11,380	\$ 27,823	\$ -	\$ 4,443,023
Total accounts payable	1,653,010	743,734	279,998	571,695	192,864	59,525	326,109	148,481	347,082	81,322	11,380	27,823	-	4,443,023
<i>Accrued expenses</i>														
Sales tax payable	-	-	-	169	3,653	110	760	-	-	-	-	-	-	4,692
Accrued workers' compensation insurance	-	2,567,198	210,291	309,178	65,538	186,320	197,313	93,637	120,705	45,475	8,479	20,280	-	3,824,414
Other accrued expenses	2,165,168	595	403,151	314,269	177,966	101,719	533,612	238,602	302,182	175,394	23,426	41,162	-	4,477,246
Accrued interest payable	-	-	56,018	87,109	65,100	21,479	123,106	106,931	51,907	86,313	32,484	32,484	-	662,931
Total accrued expenses	2,165,168	2,567,793	669,460	710,725	312,257	309,628	854,791	439,170	474,794	307,182	64,389	92,926	-	8,969,283
<i>Other current liabilities</i>														
Current portion of long-term debt	57,903	-	221,636	378,815	281,834	92,988	532,959	465,014	224,721	375,356	140,360	140,630	-	2,912,216
Current portion of capital lease obligation	241,712	-	-	-	-	(5,153)	46,031	-	9,075	-	4,819	4,819	-	301,303
Total other current liabilities	299,615	-	221,636	378,815	281,834	87,835	578,990	465,014	233,796	375,356	145,179	145,449	-	3,213,519
Total current liabilities	4,117,793	3,311,527	1,171,094	1,661,235	786,955	456,988	1,759,890	1,052,665	1,055,672	763,860	220,948	267,198	-	16,625,825
<i>Long-term Liabilities</i>														
<i>Restricted liabilities</i>														
Security deposits	5,635	-	188,126	232,860	175,068	31,106	239,419	120,493	50	510,599	46,414	48,561	-	1,598,331
Patient trust deposits	-	-	1,538	4,286	2,116	-	5,376	20,341	5,523	5,698	-	-	-	44,878
Unearned revenue (prepaid rent)	480,656	-	82,978	530	-	12,615	69,774	167,174	-	3,481	-	-	-	817,208
Total restricted liabilities	486,291	-	272,642	237,676	177,184	43,721	314,569	308,008	5,573	519,778	46,414	48,561	-	2,460,417
<i>Other long-term liabilities</i>														
Swap hedging instruments	-	-	1,407,611	2,188,877	1,635,828	539,723	3,093,413	2,686,954	1,304,331	2,168,887	816,248	816,248	-	16,658,120
Bonds payable	-	-	9,967,265	15,464,734	11,558,473	3,813,497	21,858,077	18,981,533	9,217,694	15,329,069	5,770,077	5,771,045	-	117,731,464
Mortgage payable	2,183,472	-	-	-	-	-	-	-	-	-	-	-	-	2,183,472
Lease payable	490,910	-	-	-	-	32,544	148,903	-	40,836	-	13,089	13,089	-	739,371
Risk retention liability	12,625,280	-	-	-	-	-	-	-	-	-	-	-	-	12,625,280
Total other long-term liabilities	15,299,662	-	11,374,876	17,653,611	13,194,301	4,385,764	25,100,393	21,668,487	10,562,861	17,497,956	6,599,414	6,600,382	-	149,937,707
Total liabilities	19,903,746	3,311,527	12,818,612	19,552,522	14,158,440	4,886,473	27,174,852	23,029,160	11,624,106	18,781,594	6,866,776	6,916,141	-	169,023,949
<i>Net assets (deficit)</i>														
Unrestricted net assets (deficit), beginning	14,228,432	32,344,078	(4,992,395)	(9,863,016)	(9,864,976)	(1,801,340)	(17,635,031)	(14,466,493)	(2,889,312)	(3,823,870)	(293,501)	(781,659)	-	(19,839,083)
Current change in unrestricted net assets (deficit)	2,983,432	(398,260)	(1,013,197)	(8,004)	(513,306)	578,204	(2,722,924)	(2,612,340)	(1,732,738)	(2,738,248)	(1,218,432)	(1,125,154)	-	(10,520,967)
Total net assets (deficits)	17,211,864	31,945,818	(6,005,592)	(9,871,020)	(10,378,282)	(1,223,136)	(20,357,955)	(17,078,833)	(4,622,050)	(6,562,118)	(1,511,733)	(1,906,813)	-	(30,360,050)
<i>Total unrestricted liabilities and net assets (deficits)</i>	\$ 37,115,610	\$ 35,257,345	\$ 6,813,020	\$ 9,681,502	\$ 3,780,158	\$ 3,663,337	\$ 6,816,897	\$ 5,950,327	\$ 7,002,056	\$ 12,219,476	\$ 5,354,843	\$ 5,009,328	\$ -	\$ 138,663,899

See report on supplementary information of the independent certified public accountants.

RHF-LB-BK 00043

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Activities

	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Knoll Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sua City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
For the year ended September 30, 2008														
Unrestricted revenues														
Skilled nursing revenue														
Routine revenue	\$	\$	\$ 4,288,139	\$ 4,589,959	\$ 2,972,445	\$	\$ 4,186,328	\$ 5,110,911	\$ 4,815,208	\$	\$	\$	\$	25,962,990
Ancillary revenue	-	-	2,107,893	889,444	655,881	-	2,156,159	2,329,692	2,728,224	-	-	-	-	10,867,293
Contractual adjustments	-	-	(1,203,508)	(1,011,406)	(1,186,464)	-	(1,304,022)	(1,254,448)	(1,573,980)	-	-	-	-	(7,533,828)
Other routine	-	-	42,213	26,680	50,757	-	14,891	11,267	70,803	-	-	-	-	216,611
Total skilled nursing revenue	-	-	5,234,737	4,494,677	2,492,619	-	5,053,356	6,197,422	6,040,255	-	-	-	-	29,513,066
Other revenue														
Management fees	(1,229)	12,438,877	-	-	-	-	-	-	-	-	-	-	(4,164,701)	8,272,947
Gain on syndication	72,202	-	-	-	-	-	-	-	-	-	-	-	-	72,202
Development income	3,415,089	-	-	-	-	-	-	-	-	-	-	-	-	3,415,089
Rental income	-	-	4,797,632	3,573,536	3,960,382	2,087,892	5,107,144	2,897,885	2,900,551	3,638,692	1,462,855	572,746	-	30,999,315
Other residential revenue	-	-	122,730	66,618	445,739	85,023	238,783	151,775	143,766	54,570	10,266	14,839	-	1,334,109
Meal credits	-	-	(41,473)	(16,447)	-	(4,318)	(48,066)	(4,823)	(20,163)	(10,197)	-	-	-	(145,487)
Assisted living income, net	-	-	1,507,757	1,511,487	-	1,867,255	2,344,167	359,887	2,484,470	2,318,824	-	1,445,463	-	13,839,310
Extended congregate care income, net	-	-	-	-	-	-	1,589,349	-	-	-	-	-	-	1,589,349
Rental concessions	-	-	(98)	(9,304)	(100)	(106,452)	(173,740)	(26,770)	(104,537)	(66,808)	(4,660)	(46,582)	-	(539,051)
Interest income	613,055	18,146	145,508	60,884	112,833	-	146,247	84,367	31	440,630	179,250	358,641	-	2,159,592
Donations and gifts	-	-	-	-	3	-	5,341	-	-	-	105	-	-	5,449
Corporate admin fees	12,654,563	(12,510,515)	-	-	-	-	-	-	-	-	-	-	-	144,048
Other income	489,867	-	-	-	-	-	-	-	-	-	-	-	-	489,867
Total other revenue	17,243,547	(53,452)	6,532,056	5,186,774	4,518,857	3,929,400	9,209,225	3,462,321	5,404,118	6,375,711	1,647,816	2,345,107	(4,164,701)	61,636,739
Total unrestricted revenues	17,243,547	(53,452)	11,766,793	9,681,451	7,011,476	3,929,400	14,262,581	9,659,743	11,444,373	6,375,711	1,647,816	2,345,107	(4,164,701)	91,149,805
Unrestricted expenses														
Operating expenses														
Payroll related														
Payroll expense - regular	7,139,942	-	4,047,254	3,568,754	1,923,716	1,511,612	4,722,247	2,073,625	4,658,419	1,473,486	261,616	701,380	-	32,082,051
Payroll expense - overtime	-	-	325,342	449,642	68,299	53,481	436,775	208,994	200,207	68,872	10,174	19,562	-	1,841,348
Bonuses	-	-	52,871	26,344	5,082	6,273	67,238	13,454	78,303	17,413	3,550	2,187	-	272,715
Vacation, sick, holiday	-	-	327,196	272,335	115,425	96,085	249,159	103,950	279,233	73,473	12,492	28,835	-	1,558,183
Payroll taxes	497,256	-	385,089	317,152	156,824	146,938	399,745	187,583	384,664	127,929	24,523	67,242	-	2,694,945
Retirement	253,748	-	44,502	26,041	6,367	4,630	37,046	12,684	11,328	11,279	2,559	1,095	-	411,279
Group insurance	526,441	-	529,534	480,951	241,391	205,758	637,571	193,716	584,613	184,036	38,100	84,604	-	3,706,715
Workers' compensation insurance	26,484	-	72,327	55,041	29,804	30,287	63,749	41,012	108,789	24,070	4,516	12,462	-	468,541
Other employee benefits	71,464	744	5,724	52,134	19,067	11,910	33,376	566	33,820	427	27	5,585	-	234,844
Outside services	298,599	12,150	507,367	392,725	377,914	52,644	696,898	1,345,392	662,120	68,732	14,066	26,213	-	4,454,420
Total payroll related	8,813,934	12,894	6,297,206	5,640,719	2,943,889	2,119,618	7,343,804	4,180,976	7,001,496	2,049,717	371,623	949,165	-	47,725,041

See report on supplementary information of the independent certified public accountants.

Retirement Housing Foundation-
Obligated Group

Special-Purpose Combined Statements of Activities (continued)

	Retirement Housing Foundation	Foundation Property Management, Inc.	Bixby Knoll Towers, Inc.	Gold Country Health Center, Inc.	Mayflower Gardens Health Facilities, Inc. and Mayflower RHF Housing, Inc.	Sun City RHF Housing, Inc.	Holly Hill RHF Housing, Inc.	Merritt Island RHF Housing, Inc.	Yellowwood Acres, Inc.	Bluegrass RHF Housing, Inc.	St. Catherine RHF Housing, Inc.	DeSmet RHF Housing, Inc.	Eliminations	Combined Balance
For the year ended September 30, 2008														
Other expenses														
Employer expenses other	-	-	67,907	24,925	20,025	7,969	46,525	13,067	28,096	13,011	326	8,906	-	230,757
Dietary expense	-	-	1,012,756	395,716	257,532	410,199	898,111	435,194	680,349	525,542	88,450	142,200	-	5,046,049
Patient supplies/service	-	-	260,570	199,530	183,404	3,438	259,971	308,015	424,805	4,081	-	8,126	-	1,651,940
Supplies and minor equipment	146,504	12,052	197,135	112,644	158,798	70,963	130,219	66,915	183,330	63,618	12,065	22,627	-	1,176,870
Utilities - electricity	-	-	466,105	138,264	306,277	232,655	448,632	303,985	293,638	211,663	68,563	63,834	-	2,533,616
Utilities - water	-	-	54,945	61,525	106,323	50,418	169,986	101,447	155,081	76,529	11,409	16,513	-	804,176
Utilities - gas	-	-	122,628	155,931	291,320	18,534	44,035	26,015	85,771	54,631	54,119	57,500	-	910,484
Utilities - telephone	175,807	20,777	46,645	39,792	36,012	24,781	93,390	53,747	41,210	22,281	11,144	17,866	-	583,452
Utilities - trash	-	-	29,085	66,028	63,850	24,047	33,684	20,005	30,988	7,384	7,180	6,028	-	288,279
Leases and maintenance	465,051	980	-	-	-	-	-	-	-	-	-	-	-	466,031
Repairs and maintenance	-	-	120,437	54,557	174,796	65,932	237,408	97,986	99,837	74,999	38,199	34,497	-	998,648
Management fees	-	-	698,461	407,203	425,595	189,838	774,825	633,078	550,443	304,221	74,010	107,027	(4,164,701)	-
Office expenses	-	28,027	25,582	39,093	30,167	32,010	38,234	27,012	41,734	5,816	18,840	12,738	-	299,253
Travel, conference, seminar	763,887	4,504	3,944	27,732	6,592	11,861	14,784	8,575	25,648	21,722	7,040	8,159	-	904,448
Marketing and advertising	36,672	-	38,826	5,966	35,594	32,809	56,846	9,218	27,252	48,774	53,379	41,542	-	386,878
Other administrative	235,361	37,578	147,852	98,860	149,785	57,942	114,777	64,061	54,027	68,065	11,387	9,953	-	1,049,648
Computer services expense	-	-	18,883	17,852	15,708	10,492	19,485	16,529	26,931	10,507	2,675	6,765	-	145,827
Other services	-	-	17,613	15,233	9,746	9,110	14,685	2,145	9,089	11,335	2,716	2,149	-	93,821
General insurance	15,880	324	256,347	165,726	202,261	131,763	525,306	489,735	194,946	89,648	41,849	37,590	-	2,151,375
Professional fees	454,197	151,683	85,083	87,177	21,313	2,793	66,415	44,028	45,330	5,299	14,481	16,008	-	993,807
Bad debt expense	-	-	51,482	(30,958)	33,073	(1,544)	207,971	496,666	(6,199)	2,183	-	(374)	-	752,300
Fine/penalty expense	-	-	-	-	-	-	-	-	-	-	4	-	-	4
Property taxes	-	-	27,182	5,305	94,056	241	290,267	128,318	-	74,078	-	-	-	619,447
911 Studebaker costs	215,182	-	-	-	-	-	-	-	-	-	-	-	-	215,182
Bixby building cost	13,174	-	-	-	-	-	-	-	-	-	-	-	-	13,174
Annual meeting	78,237	421	-	-	-	-	-	-	-	-	-	-	-	78,658
Total other expenses	2,599,952	256,346	3,749,468	2,288,101	2,622,227	1,386,251	4,485,556	3,345,741	2,992,306	1,708,411	504,812	619,654	(4,164,701)	22,394,124
Total operating expenses	11,413,886	269,240	10,046,674	7,928,820	5,566,116	3,505,869	11,829,360	7,526,717	9,993,802	3,758,128	876,435	1,568,819	(4,164,701)	70,119,165
Change in net assets before other items	5,829,661	(322,732)	1,720,119	1,752,631	1,445,360	423,531	2,433,221	2,133,026	1,450,571	2,617,583	771,381	776,288	-	21,030,640
Interest expense	254,366	-	946,405	1,585,916	1,167,058	396,184	2,015,762	1,770,714	878,283	1,824,265	1,584,131	1,760,410	-	14,183,494
Change in net assets less interest	5,575,295	(322,732)	773,714	166,715	278,302	27,347	417,459	362,312	572,288	793,318	(812,750)	(984,122)	-	6,847,146
Depreciation and amortization														
Depreciation expense	824,270	3,501	67,374	361,031	110,514	205,866	355,132	295,772	406,728	397,121	173,086	187,828	-	3,388,223
Amortization expense	-	-	15,103	24,942	18,180	6,110	32,709	29,126	14,664	24,486	4,690	4,680	-	174,090
Total depreciation and amortization	824,270	3,501	82,477	385,973	128,694	211,976	387,841	324,898	420,792	421,607	177,776	192,508	-	3,562,313
Change in net assets before other corporate expenses	4,751,025	(326,233)	691,237	(219,258)	149,608	(184,629)	29,618	37,414	151,496	371,711	(990,526)	(1,176,630)	-	3,284,833
Other corporate expenses														
Nonrecoverable expenses	1,211,573	72,027	-	-	-	-	-	-	-	-	-	-	-	1,283,600
Grant income	(1,485,324)	-	-	(1,174,159)	(434,352)	(983,843)	-	-	(66,003)	-	(1,119,917)	(1,788,502)	-	(7,052,100)
Grant expense	1,533,576	-	1,014,413	-	326,493	-	1,513,492	1,519,446	275,161	1,159,722	-	-	-	7,342,303
Realized (gain)/loss on sale of investments	66,290	-	-	-	-	-	-	-	-	-	-	-	-	66,290
Unrealized (gain)/loss on investments	441,478	-	9,849	3,908	7,466	-	9,446	5,560	-	713	-	-	-	478,420
Unrealized (gain)/loss on swap hedging	-	-	283,626	282,990	267,498	51,034	386,078	380,477	1,304,331	1,228,523	1,219,218	1,765,255	-	7,169,030
Expired loan fees	-	-	396,546	676,007	495,809	169,976	843,526	744,271	370,745	721,001	128,605	(28,229)	-	4,518,257
Total other corporate expenses	1,767,593	72,027	1,704,434	(211,234)	662,914	(762,833)	2,752,542	2,649,754	1,884,234	3,109,959	227,906	(51,476)	-	13,805,800
Change in net assets (deficit), unrestricted	\$ 2,983,432	\$ (398,260)	\$ (1,013,197)	\$ (8,004)	\$ (513,306)	\$ 578,204	\$ (2,722,924)	\$ (2,612,340)	\$ (1,732,738)	\$ (2,738,248)	\$ (1,218,432)	\$ (1,125,154)	\$ -	\$ (10,520,967)

See report on supplementary information of the independent certified public accountants.

RETIREMENT HOUSING FOUNDATION
OBLIGATED GROUP BALANCE SHEET
May 31, 2009

	Retirement Housing Foundation	Foundation Property Management	Bixby Knolls	Gold Country Health Center	Mayflower Housing & Gardens	Sun City Housing	Holly Hill Housing	Merritt Island Housing	Yellowwood Acres	Bluegrass Housing	St. Catherine Housing	DeSmet Housing	Total Obligated Group
ASSETS													
CURRENT ASSETS													
CASH													
CASH-OPERATIONS	\$12,665,732	\$1,296,793	\$34,935	\$63,955	\$37,608	\$16,601	\$190,715	\$96,629	\$87,375	\$21,581	\$433	\$72,747	\$14,585,104
TOTAL CASH	12,665,732	1,296,793	34,935	63,955	37,608	16,601	190,715	96,629	87,375	21,581	433	72,747	14,585,104
INVESTMENTS													
SHORT TERM INVESTMENTS	2,228,209												2,228,209
TOTAL INVESTMENTS	2,228,209												2,228,209
ACCOUNTS RECEIVABLE													
ACCOUNTS RECEIVABLE			417,760	461,522	446,035	7,331	586,158	956,458	752,101	15,666	810	756	3,644,597
ACCOUNTS RECEIVABLE-OTHER	3,767,335	71,927			1,054	89		73,329					3,913,734
ACCOUNTS RECEIVABLE-LITIGATION			44,246	775	7,051	7,058	29,908	211,157	5,493			11,328	317,016
PATIENT REFUND				1,684	(2,630)	500	(3,083)	6,458		3,000		4,881	10,809
ALLOWANCE FOR DOUBTFUL ACCOUNTS			(94,890)	(34,003)	(41,542)	(8,783)	(68,122)	(507,584)	(107,379)	(1,984)		(13,915)	(878,201)
TOTAL TRADE RECEIVABLES	3,767,335	71,927	367,116	429,977	409,968	6,156	544,861	739,817	650,215	16,682	810	3,050	7,007,954
PREPAID AND OTHER CURRENT ASSETS													
INTEREST RECEIVABLE			8,389	3,329	6,359		8,046	4,736		607			31,466
INVENTORY			59,290	9,562	26,973	7,571	24,010	25,456	24,157	10,370	7,323	4,963	199,673
PREPAID EXPENSES	183,466	3,591,232	506,581	1,014,512	442,069	615,503	717,547	720,475	850,775	244,657	151,035	150,945	9,188,796
TOTAL PREPAID AND OTHER CURRENT ASSETS	183,466	3,591,232	574,259	1,027,403	475,401	623,073	749,602	750,667	874,932	255,633	158,358	155,909	9,419,936
TOTAL CURRENT ASSETS	18,844,742	4,959,951	976,311	1,521,335	922,977	645,870	1,485,179	1,587,113	1,612,522	293,897	159,600	231,706	33,241,203
NON-CURRENT ASSETS													
FIXED ASSETS													
LAND	2,539,582		551,548	731,837	235,408	505,460	550,900	775,000	534,584	414,623	197,351	206,093	7,242,386
BUILDINGS & IMPROVEMENTS	3,647,541		10,203,474	16,819,834	8,517,312	7,024,841	19,532,384	17,418,600	13,267,859	14,078,420	5,859,162	6,162,245	122,531,673
EQUIPMENT	264,223		39,662	46,233	281,226	934,058	183,279	171,338	321,780	150,735	66,804	37,701	2,497,038
APARTMENT RENOVATIONS			336,128	162,956	329,029	182,343	548,681	301,272	678,753	275,211	70,563	17,869	2,902,804
OFFICE FURNITURE AND EQUIPMENT	952,181	82,485	1,019,419	610,175	319,185	185,521	917,167	804,881	1,119,643	938,291	138,859	127,033	7,214,839
MOTOR VEHICLES					113,473	35,421			66,948	45,371	24,095	68,070	353,378
COMPUTER HARDWARE/SOFTWARE	6,773,293	39,802	59,019	58,955	62,724	36,309	65,617	54,309	55,668	39,147	10,143	58,160	7,313,146
CONSTRUCTION IN PROGRESS	181,137		78,643		144,220		4,007	6,472		3,212			417,691
TOTAL FIXED ASSETS	14,357,958	122,287	12,287,894	18,429,990	10,002,578	8,903,952	21,802,035	19,531,871	16,045,236	15,945,009	6,366,977	6,677,170	150,472,956
ACCUMULATED DEPRECIATION	(6,822,612)	(112,093)	(10,911,807)	(9,233,928)	(7,231,502)	(5,917,345)	(12,253,841)	(14,158,818)	(9,615,629)	(6,870,023)	(1,466,990)	(1,595,140)	(86,189,727)
NET FIXED ASSETS	7,535,346	10,194	1,376,087	9,196,062	2,771,076	2,986,607	9,548,194	5,373,052	6,429,607	9,074,986	4,899,987	5,082,030	64,283,229
INTERCOMPANY													
REIMBURSABLES & MGMT FEES - OBLIGATED GROUP	11,628,647	595,893	4,669,949	(959,095)	317,571	416,098	(3,982,874)	(826,015)	(698,372)	2,361,765	557,105	1,758	14,082,431
REIMBURSABLES & MGMT FEES - OTHER	(3,938,573)	27,287,159											23,348,586
CASH & RESERVES - OBLIGATED GROUP	(14,047,077)												(14,047,077)
CASH & RESERVES - OTHER	(3,038,616)												(3,038,616)
TOTAL INTERCOMPANY	(9,395,619)	27,883,052	4,669,949	(959,095)	317,571	416,098	(3,982,874)	(826,015)	(698,372)	2,361,765	557,105	1,758	20,345,324
LONG TERM INVESTMENTS													
LONG TERM INVESTMENTS	16,456,625												16,456,625
TOTAL LONG TERM INVESTMENTS	16,456,625												16,456,625
OTHER ASSETS													
UTILITY DEPOSITS		2,394						9,159					11,553
TOTAL OTHER ASSETS		2,394						9,159					11,553
RESTRICTED DEPOSITS													
TRUSTEE HELD FUNDS	10,170,461												10,170,461
RESTRICTED CASH			16,263				100,583	4,357					121,203
REPLACEMENT RESERVE													
PATIENT/TENANT DEPOSITS	2,000		188,578	233,664	178,773	36,762	235,048	135,443	10,047	534,760	43,490	46,935	1,645,499
DEBT SERVICE FUNDS			3,170	4,753	3,623	1,157	6,778	5,847	2,796	4,661	1,750	1,750	36,285
TOTAL RESTRICTED DEPOSITS	10,172,461		208,011	238,417	182,396	37,919	342,409	145,647	12,843	539,421	45,240	48,684	11,973,448
TOTAL ASSETS	43,613,555	32,855,592	7,230,358	9,996,720	4,194,020	4,086,493	7,392,908	6,288,955	7,356,600	12,270,069	5,661,933	5,364,179	146,311,382

RETIREMENT HOUSING FOUNDATION
OBLIGATED GROUP BALANCE SHEET
May 31, 2009

LIABILITIES AND FUND BALANCE**CURRENT LIABILITIES****ACCOUNTS PAYABLE****ACCOUNTS PAYABLE - OPERATIONS**

Retirement Housing Foundation	Foundation Property Management	Bobby Knolls	Gold Country Health Center	Mayflower Housing & Gardens	Sun City Housing	Holly Hill Housing	Merritt Island Housing	Yellowwood Acres	Bluegrass Housing	St. Catherine Housing	DeSmet Housing	Total Obligated Group
\$906,306	\$69,649	\$221,167	\$116,648	\$130,459	\$46,497	\$206,463	\$104,664	\$222,854	\$91,569	\$18,470	\$22,728	\$2,157,474
TOTAL ACCOUNTS PAYABLE	906,306	69,649	221,167	116,648	130,459	46,497	206,463	104,664	222,854	91,569	22,728	2,157,474

ACCRUED EXPENSES

SALES TAX PAYABLE			182	5,767	82	201						6,232
ACCRUED PROPERTY INSURANCE	1,066,563											1,066,563
ACCRUED WORKERS COMP. INS.	1,493,015	210,291	309,178	65,538	186,320	197,313	93,637	120,705	45,475	8,479	20,280	2,750,231
ACCRUED CASUALTY INSURANCE	(38,170)											(38,170)
OTHER ACCRUED EXPENSES	2,160,610	243,344	489,237	407,972	200,075	140,091	535,596	409,816	176,717	28,243	50,109	5,110,279
ACCRUED INTEREST PAYABLE		253,617	394,382	294,736	97,245	557,358	484,124	235,009	390,781	147,068	147,068	3,001,388
TOTAL ACCRUED EXPENSES	2,160,610	2,764,751	953,145	1,111,714	566,117	423,737	1,290,468	846,230	612,972	183,791	217,458	11,896,523

OTHER CURRENT LIABILITIES

CURRENT PORTION LT DEBT	81,976		242,515	377,118	281,834	92,988	532,959	462,931	224,721	373,674	140,630	2,951,976
NOTES PAYABLE (SHORT TERM)	89,284					1,960	15,344		3,025		1,606	112,825
TOTAL OTHER CURRENT LIABILITIES	171,260		242,515	377,118	281,834	94,948	548,303	462,931	227,746	373,674	142,236	3,064,801
TOTAL CURRENT LIABILITIES	3,238,176	2,834,400	1,416,827	1,605,480	978,410	565,183	2,045,234	1,413,825	1,216,130	1,078,215	384,497	17,118,798

LONG TERM LIABILITIES**RESTRICTED LIABILITIES**

SECURITY DEPOSITS	5,635		186,361	227,623	176,797	36,762	227,939	112,863	50	529,975	43,490	46,935	1,594,430
PATIENT TRUST DEPOSITS			2,216	5,803	1,976		6,484	22,580	10,047	4,785			53,892
UNEARNED REVENUE (PREPAID RENT)	434,849		128,510	13,101		2	71,308	4,646	9,795	6,684			668,895
TOTAL RESTRICTED LIABILITIES	440,484		317,088	246,527	178,773	36,764	305,731	140,089	19,892	541,444	43,490	46,935	2,317,217

OTHER LONG-TERM LIABILITIES

BONDS PAYABLE		9,975,447	15,511,622	11,591,765	3,824,484	21,921,017	19,039,157	9,244,193	15,375,359	5,786,065	5,787,265	118,056,374
MORTGAGE PAYABLE	2,118,210											2,118,210
LEASE PAYABLE	490,910				21,482	148,903		40,836		13,089	13,089	728,309
RISK RETENTION LIABILITIES	14,635,585											14,635,585
TOTAL OTHER LONG-TERM LIABILITIES	17,244,705	9,975,447	15,511,622	11,591,765	3,845,966	22,069,920	19,039,157	9,285,029	15,375,359	5,799,154	5,800,354	135,538,478

TOTAL LIABILITIES

TOTAL LIABILITIES	20,923,364	2,834,400	11,709,362	17,363,629	12,748,948	4,447,913	24,420,885	20,593,071	10,521,051	16,995,018	6,187,141	6,229,710	154,974,493
NET ASSETS													
UNRESTRICTED NET ASSETS	17,211,858	31,945,815	(6,005,589)	(9,871,022)	(10,378,226)	(1,223,133)	(20,357,955)	(17,078,834)	(4,622,053)	(6,562,119)	(1,337,492)	(1,906,816)	(30,185,567)
CURRENT PROFIT & LOSS	5,478,333	(1,924,623)	1,526,584	2,504,113	1,823,298	861,714	3,329,978	2,774,719	1,457,602	1,837,170	812,284	1,041,285	21,522,456
TOTAL NET ASSETS	22,690,190	30,021,192	(4,479,004)	(7,366,909)	(8,554,928)	(361,419)	(17,027,977)	(14,304,116)	(3,164,451)	(4,724,949)	(525,208)	(865,531)	(8,663,111)
TOTAL LIABILITIES & FUND BALANCE	610,555	2,855,592	6,229,710	9,996,720	4,194,020	4,086,493	7,392,908	6,288,955	7,356,600	12,270,069	5,661,933	5,364,179	146,311,382